LOGICOM PUBLIC LIMITED

REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

LOGICOM PUBLIC LIMITED

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Year ended 31 December 2016

CONTENTS

We hereby certify that the report and financial statements of Logicom Public Limited for the year ended 31 December 2016 is true copy of the report and financial statements laid and deposited at the General Meeting of the Company.

Director

ANTHOULIS PAPACHRISTOFOROU

FOR LOGICOM PUBLIC LTD

ΜΑΡΙΝΑ ΛΑΔΑΜΙΔΟΥ, ...ητικός Σύμβουλος

Secretary

BOARD OF DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS
Adamos K. Adamides, Chairman
Varnavas Irinarchos, Vice Chairman and Managing Director
Takis Klerides, Director
Nicos Michaelas, Director
George Papaioannou, Director
Anthoulis Papachristoforou, Director
Anastasios Athanasiades, Director

GROUP CHIEF FINANCIAL OFFICER
Anthoulis Papachristoforou

SECRETARY
Adaminco Secretarial Limited
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

REGISTERED OFFICE
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

MANAGEMENT OFFICE
26 Stasinou Street, Ayia Paraskevi
2003 Strovolos, Nicosia

INDEPENDENT AUDITORS
KPMG Limited
14 Esperidon street
1087 Nicosia
Cyprus

LEGAL ADVISERS
Scordis, Papapetrou & Co LLC
Eagle Star House, 1st floor
35 Theklas Lysioti Street
3030 Limassol

BANKERS
Commercial Bank of Qatar
Credito Valtellinese Societa Cooperativa
Emirates NBD Bank PJSC
USB Bank PLC
TFI Markets Limited
HypoVereinsbank
Romanian Commercial Bank
The First Insurance Brokers
Turk Ekonomi Bankasi
Bancpost SA
Banco Popolare Societa Cooperativa

BANKERS
Hellenic Bank Public Company Limited
Bank of Cyprus Public Company Limited
National Bank of Greece (Cyprus) Ltd
HSBC Bank Middle East Limited
Banque Audi SAL
Alpha Bank Cyprus Ltd
Societe Generale Bank - Cyprus Limited
Standard Chartered Bank
Eurobank Ergasias S.A.
Piraeus Bank (Cyprus) Ltd
UniCredit Bulbank AD
The Cyprus Development Bank Public Company Limited
Societe Generale de banque au Liban
Turkiye Garanti Bankasi A.S
National Bank of Greece S.A.
Eurobank Cyprus Ltd
Eurobank Factors S.A
Alpha Bank S.A.
FIMBank PLC
Saudi British Bank
National Bank of Fujairah PJSC
Arab Bank PLC
Mashreq Bank PSC
Alpha Bank Romania SA
Piraeus Bank A.E.
Marfin Bank SA
Noor Bank PJSC
ABC Factors S.A.
Commercial Bank of Dubai PSC
Bank of Beirut
Akbank TAS
Finansbank AS
Yapi ve Kredi Bankasi AS
Asya Katilim Bankasi AS
Turkiye Is Bankasi
Emporiki Bank SA
FBME Bank Ltd
Bank of Bahrain and Kuwait BSC
COOP Central Bank Ltd
NGB Factors S.A.
Albaraka Turk Katilim Bankasi A.S
Global Supply Chain Finance Ltd
Arab Bank Jordan
Alternative Distribution Financing Ltd
Ancoria Bank Limited

LOGICOM PUBLIC LIMITED

STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE OFFICIALS OF THE COMPANY RESPONSIBLE FOR THE FINANCIAL STATEMENTS

According to article 9, sections (3)(c) and (7) of the Conditions for Transparency (Movable Securities for Trading in Controlled Market) Law of 2007 (''Law''), we the members of the Board of Directors and Anthoulis Papachristoforou, BA (Hons) FCCA, Group Chief Financial Officer responsible for the preparation of the financial statements, of the Group and the Company Logicom Public Ltd, for the year ended 31 December 2016, we confirm that to the best of our knowledge:

(a) The annual consolidated and separate financial statements that are presented in pages 19 to 102.

(i) were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, of the financial position and of the profit or losses of Logicom Public Ltd and the businesses that are included in the Consolidated Financial Statements as a whole, and

(b) The consolidated and separate management report gives a fair review of the developments and the performance of the business as well as the financial position of Logicom Public Limited and the businesses that are included in the Consolidated Financial Statements as a whole, together with a description of the main risks and uncertainties which are faced.

Members of the Board of Directors:

Adamos K. Adamides, Chairman

Varnavas Irinarchos, Vice Chairman and Managing Director

Takis Klerides

Nicos Michaelas

George Papaioannou

Anthoulis Papachristoforou

Anastasios Athanasiades

Responsible for the preparation of financial statements

Anthoulis Papachristoforou (Group Chief Financial Officer)

Nicosia, 30 March 2017

LOGICOM PUBLIC LIMITED

CONSOLIDATED AND SEPARATE MANAGEMENT REPORT

The Board of Directors of Logicom Public Limited (the "Company") presents to the members its consolidated and separate report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") and the separate financial statements of the Company for the year ended 31 December 2016.

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION

The Group's turnover decreased by 5,5% in relation to 2015, mainly due to the uncertain economic conditions in some regions of the Group's operations. The turnover of the Distribution Sector shows a decrease of 5,6% mainly due to the decrease of sales in the United Arab Emirates and in Saudi Arabia. The turnover of the Software and Integrated Solutions Division also shows a decrease of 4,1% mainly due to the absence of significant projects in the Cypriot market, but also due to the general economic uncertainty in the markets.

The Company's turnover decreased by 34,9% in relation to 2015, mainly due to the decrease of the intragroup sales to foreign subsidiaries, which entered into separate contracts with various vendors for the direct distribution of their products instead of indirect distribution through the Company as well as to the decrease of the intragroup sales to subsidiaries which have suffered a decrease in their turnover.

The percentage of the Group's gross profit margin has increased from 6,4% in 2015 to 7,1%, mainly due to the increase of sales with gross profit margins higher than the average, mainly in the Distribution sector.

The percentage of the Company's gross profit margin has marginally increased from 3,2% in 2015 to 3,6% for the same reason.

Group's Other Income mainly relates to contributions from suppliers for promotion of their products and income through business relationships with third parties.

Company's Other Income mainly relates to dividends receivable from subsidiaries and income through business relationships with third parties.

The increase in Group's Administration Expenses by €1.873.731, and in percentage terms 5,4% compared to 2015, is mainly due to the increase of personnel and infrastructure expenses as a result of the Group's expansion in new markets and of the increase in the variety of available products. The term 'Administration Expenses' encompasses all the operating expenses of the Group, including Administrative, Distribution and Operational expenses.

The increase in the Company's Administration Expenses by €2.824.806 and in percentage terms 53,9%, compared to 2015, is mainly due to the provision for impairment of the receivable balances from the subsidiaries Logicom Bulgaria EOOD and Enet Solutions LLC.

The Group's profit from operating activities amounted to €21.169.932, which increased by 4,2% compared to 2015 mainly due to the increase of the Group's gross profit margin.

The Company's profit from operating activities amounted to €5.655.061, decreased by 67,3% compared to 2015 mainly due to the decrease in turnover and dividends receivable and to the increase in administration expenses.

The Group's financing cost, including interest receivable and payable, and related bank charges resulting from the banking facilities used for the expansion of the Group's operations amounted to €6.305.650 compared to €7.320.232 in 2015 and in percentage terms 13,9%. The decrease is mainly due to the decrease in the bank interest rates.

The Company's financing cost, including interest receivable and payable, and related bank charges resulting from the banking facilities used for the expansion of the Group's operations amounted to €2.543.278 compared to €2.781.808 in 2015 and in percentage terms 8,6%. The decrease is mainly due to the decrease in the bank interest rates.

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

The Foreign Exchange Difference, resulting from the exchange rate fluctuation between the US Dollar and the Euro, had a positive impact on the Group's results amounting to a profit of €27.080, compared to 2015 where the profit amounted to €183.602. It is clarified that as from 1 January 2010 the provisions of the IAS39 in relation to Hedge Accounting have been adopted, with the aim to reduce the effects of the exchange rate fluctuation between the US Dollar and the Euro in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The adoption of the provisions of IAS 39 limited the effect on Group results. Profit amounting to €1.175.343 which arose on the conversion of the net investment in foreign subsidiaries was hedged in reserves with a loss of €1.175.343 that arose on the conversion of long-term and short-term loans.

According to the directives of the Revised International Accounting Standard 21, the increase in the value of the Company's long term investments in foreign subsidiaries, due to exchange differences, amounting to €325.529 is transferred to the Reserves until the date of liquidation where any result will be transferred to the Statement of Profit or Loss and Other Comprehensive Income.

The Share of loss from jointly controlled companies and partnership and the Share of loss attributable to Non-Controlling interest mainly relates to the impairment of the investment in Larnaca Desalination Unit, taking into account corresponding claims and the company's operational losses. The Desalination Unit in Episkopi has made a profit in the current year.

The Group's taxation remained approximately at the same levels as those of 2015, mainly due to the significant decrease in the provisions for Income tax of Group companies and the reversal of the provisions for Deferred Taxation resulting from the reduction of previous years tax losses as calculated by the local Tax Authorities of the Group companies.

The Company's taxation amounted to €1.302.739 compared to the positive effect of the taxation in 2015 results which amounted to €238.700, mainly due to the reversal of the provision for Deferred Taxation as a result of the decrease in previous years losses as calculated by the Cypriot Tax Authorities.

The Group's profit before tax amounted to €13.382.432 for the year 2016 compared to €12.243.406 in 2015, that corresponds to an increase in percentage terms of 9,3%. The increase is mainly due to the improvement of the gross profit margin and to the decrease of net finance expenses. The profit attributable to the Company's shareholders has increased by €1.387.537 and in percentage terms by 12,8%, from €10.827.335 in 2015 to €12.214.872 in 2016.

The Company's profit before tax amounted to €3.326.710 for the year 2016 compared to €14.529.038 in 2015, that corresponds to a decrease in percentage terms of 77,1%. The decrease is mainly due to the decrease of the Company's turnover and dividends receivable and to the increase of administration expenses.

The Group's earnings per share and diluted earnings per share in 2016 increased by 12,8% compared to 2015 to 16,49 cents.

The Company's earnings per share and diluted earnings per share in 2016 decreased by 86,4% compared to 2015 to 2,73 cents.

The Group's cash and cash equivalents compared to the bank overdrafts present a credit balance of €12.867.118 at the end of 2016 compared to €25.758.969 at the end of 2015. The short-term loans have increased to €67.114.604 from €43.038.306. The long-term loans have decreased to €3.793.410 from €6.938.823.

The Company's cash and cash equivalents compared to the bank overdrafts present a credit balance of €20.493.079 at the end of 2016 compared to €29.462.552 at the end of 2015. The short-term loans have increased to €27.611.076 from €3.765.959. The long-term loans have decreased to €3.068.295 from €6.328.625.

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share completed the construction of the Desalination plant in Episkopi based on the agreement with the Water Development Department dated 7 August 2009. As announced, as per the agreement dated 20 July 2011 Demetra Investments Public Ltd, participates indirectly to the execution and operation of the desalination project in Episkopi as a result of the indirect 40% share in Verendrya Ventures Limited in the interest in the joint venture. The construction of the project was completed in June 2012 and the desalination unit remained in stand-by mode since 1 July 2012 until 27 April 2014. The desalination unit started production on the 28th of April 2014.

Verendrya Ventures Limited, of which the Company holds 60% of its share capital, in a joint venture with a 50% share, signed on 26 January 2012 an agreement with the Water Development Department for the renovation and operation of the existing desalination unit in Larnaca. Demetra Investment Public Ltd participates indirectly in the implementation and operation of the desalination project in Larnaca with 40% share in Verendrya Ventures Limited in the interest in the joint venture. The renovation of the unit was completed in June 2015 and started operation on the 4th of July 2015. As of today, claims are pending in regards to the execution of this contract.

During 2016, despite the uncertainty and the economic instability in some regions of the Group operations that resulted in the decrease of the markets' demand and, hence the turnover, as well as the implementation of the planned operations' expansion which resulted in the increase of the administration expenses, the operating profit increased due to the increase in gross profit, whereas the decrease in the net finance expenses has significantly improved the overall profitability.

The performance of the Group and the Company is also assessed with the following financial ratios:

		Group			Company	
Ratio	Change	2016	2015	Change	2016	2015
Working Capital	(9,7)%	2,5	2,7	(13,9)%	0,2	0,3
Inventory Days	20,9%	39	32	105,7%	33	16
Trade Receivables Days	(3,5)%	68	71	(23,7)%	69	91
Net Debt to Equity	(29,6)%	1,0	1,5	32,9%	1,5	1,1
Net Debt to Profit before Taxation, Depreciation, Amortization and Interest	(20,3)%	4,3	5,3	305,1%	10,6	2,6
Interest Coverage	17,7%	3,9	3,3	(71,5)%	3,5	12,3

Working Capital Ratio ((Trade Receivables + Inventories) / Trade Creditors) - The decrease in the ratio for the Group is mainly due to the decrease of trade receivables, whereas for the Company resulted from the increase of trade payables which include vendor balances for foreign operations.

Inventory Days ((Inventories / Cost of Sales) X 365) - The ratio increase is mainly due to the increase in inventories from €69,6 m in 2015 to €78,9 m in 2016 for the Group and from €4,2 m in 2015 to €5,7 m in 2016 for the Company, due to increased inventories acquired during the last period of the year. It is noted that inventories included goods in transit amounting to €7,4 m in 2016 and €7,8 m in 2015 for the Group and €5 m in 2016 and €3,6 m in 2015 for the Company.

Trade Receivable Days ((Trade Receivables / Turnover) X 365) - The decrease shown for the Group is due to the decrease in trade receivables from €164,2 m in 2015 to €149,7 m in 2016, as a result of the effort made for their timely collection. The same applies for the Company where the trade receivables were reduced from €9 m in 2015 to €6,4 m in 2016.

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Net Debt to Equity Ratio ((Bank Borrowings - Cash and Cash Equivalents) / Equity) - For the Group, the ratio shows a decrease in relation to the previous year due to the decrease in net debt and the increase in equity. For the Company, the ratio shows an increase as a result of the new bank facilities obtained by the Company and which were used exclusively for the companies' operations abroad.

Net Debt to Profit before Tax, Depreciation, Amortisation and Interest ((Bank Borrowings - Cash and Cash Equivalent) / Profit before Tax, Depreciation, Amortisation and Interest) - For the Group, the ratio shows a decrease compared to the previous year due to the decrease in net debt and the increase in profitability. For the Company, the ratio shows a significant increase due to the high decrease in profitability, for the reasons stated above, as well as to the increase in borrowings with new banking facilities for the financing of the foreign operations.

Interest coverage ratio (Profit before Tax, Depreciation, Amortization and Interest / Interest expense) - For the Group, the ratio shows an increase due to the decrease in interest expense, as a result of the decrease in borrowings and related interest rates. For the Company, the ratio shows a significant decrease due to the high decrease in the profitability for the reasons stated above.

RISKS AND UNCERTAINTIES

The main risks faced by the Group and the Company are stated and analysed in note 30 of the consolidated and separate financial statements.

Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. for the insurance of the credit that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.
The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of the foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Financial Controller together with the Executive Directors. This issue is discussed and examined at the Board of Directors meetings because the Company is materially affected from the movements in foreign currencies against the Euro.

DEVELOPMENT AND PERFORMANCE OF THE GROUP AND COMPANY'S ACTIVITIES AND POSITION, RISKS AND UNCERTAINTIES *(continued)*

Liquidity risk
Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiry dates do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

Management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement without recourse in Greece, Cyprus and United Arab Emirates reduces even further the liquidity risk.

Fair Value
Fair Value risk is the risk that arises when the book values of the Group's and Company's assets and liabilities are significantly different from their fair values at the reporting date.
Management believes that by valuating the financial assets and liabilities of the Group and the Company at their fair value, where this can be measured reliably, the risk is significantly limited.

Capital Management
Group’s and Company’s management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

OPERATIONS OF THE COMPANY AND ITS SUBSIDIARY COMPANIES
The Group continued during the year 2016 the distribution of high technology products, the supply of services and complete information technology, telecommunication and software solutions and the participation in large infrastructure projects in the water sector.

FORSEEABLE DEVELOPMENT OF THE COMPANY
Despite the existing market conditions which are outlined by the uncertainty resulting from the economic instability in some of the regions of the Group's operations, during 2017, the prospects are optimistic.

The efforts for the reduction of the operational and administration expenses, as well as the increase in productivity will continue to be pursued.

RESEARCH AND DEVELOPMENT ACTIVITIES
There were no significant activities in the sector of research and development from the Group companies.

BRANCHES - FOREIGN OPERATIONS
The Group operates branches in Bahrain and Malta. The Group operates through subsidiary companies in United Arab Emirates, Saudi Arabia, Lebanon, Jordan, Greece, Italy, Turkey, Romania, Germany, Qatar, Kuwait and Oman.

USE OF FINANCIAL INSTRUMENTS
The derivative financial instruments of the Group and the Company relate to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The profit arising from the change in the fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €694.463 (2015 profit: €4.268.792) and €650.935 (2015 profit: €3.807.554) respectively.

SHARE CAPITAL

There was no change to the issued share capital of the Company for the year 2016.

All shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer. Detailed information in relation to the Company's share capital is presented in note 21 of the consolidated and separate financial statements.

COMPOSITION, SEGRAGATION OF DUTIES AND REIMBURSEMENT OF THE BOARD OF DIRECTORS - SHARE CAPITAL PARTICIPATION - REELECTION

The Board of Directors members as at 31 December 2016 and as at the date of the present report are presented in page 2. Details regarding the segragation of duties and the reimbursement of the Board of Directors members are included in note 34 of the consolidated and separate financial statements.

The percentages of participation in the Company's share capital that were held directly or indirectly by the members of the Board of Directors of the Company as at 31 December 2016 and 30 March 2017 are presented in notes 32 and 33 of the consolidated and separate financial statements.

According to article 94 of the Company's articles of association Adamos Adamides, Varnavas Irinarchos and Anthoulis Papachristoforou resign. Varnavas Irinarchos and Anthoulis Papachristoforou offer themselves for re-election. Adamos Adamides offers himself for re-election for the period of one year during which the Board of Directors will reassess the composition of the Board.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements.

SUGGESTIONS REGARDING PROFIT DISTRIBUTION, ABSORPTION OF LOSSES AND FORMATION OF PROVISIONS

The Board of Directors decided to propose for approval at the Annual General Meeting of the shareholders, a final dividend of €4.074.378 for 2016, which corresponds to €0,055 cent per share and in percentage terms to 33,4% of the profits for the year attributable to the company's shareholders.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors of the Company has decided on 6 March 2003 to implement all the provisions of the Corporate Governance Code 'the Code' which was issued by the Cyprus Stock Exchange (CSE) Board. The Code is implemented as it was amended from time to time. The Code is also uploaded on the Company's Website. The Report and the Consolidated and Separate (of Parent Company's) Financial Statements are announced and uploaded both on the Cyprus Stock Exchange and Company's website.

There are no material deviations from the provisions of the Code.

The internal control and risk management systems ensure the orderly operation of the Group and the adherence to the internal controls and procedures.

Through the internal control system, which it is under the supervision of the Audit Committee and the Risk Management Committee, the Company has implemented effective procedures for the compilation and preparation of the financial statements, as well as for the preparation of the periodic information reporting as required for the listed companies. The main characteristics of these procedures, in addition to what has already been stated above, are:

- The Financial Statements of the subsidiary companies are prepared with the responsibility of the Financial Controller of each company under the supervision of the Group Chief Financial Officer.

- The Financial Statements of the Group and the Company are prepared with the responsibility of the Company's Financial Controller under the supervision of the Group Chief Financial Officer.

- The announcements of the Group's results per quarter as well as the explanatory statements are prepared by the Group Chief Financial Officer and are reviewed by the Audit Committee. The relevant announcements are approved by the Board of Directors prior to their publication.

The shareholders who held, directly or indirectly, a significant interest (including indirect participation through pyramid structures or cross participations) in the Company are stated in note 32 of the consolidated and separate financial statements.

The Company's share capital is divided into ordinary shares with equal rights. There were no issued shares with preference control or voting rights.

Each Board Member is elected from the Company's shareholders general meeting or appointed from the Board of Directors. A Member who is appointed by the Board of Directors is mandatory to resign at the first annual general meeting following his appointment, where his election will be decided. In every annual general meeting one third of the oldest board members in terms of the time served on the board, retires and their re-election is decided on the annual general meeting, provided that they are available for re-election. Any member of the Board of Directors can be forced to an early retirement following a decision of the general meeting.

The Company's Articles of Association can be amended with a special resolution of the shareholders general meeting.

The Board of Directors' authority is general and it is only limited by the power given to the Company's shareholders' General Meeting either by the Law or by the Company's Articles of Association. The decision for the issue of new shares, except the case where this relates to granting of shares to the members on the proportion of the shares already held, is taken by the general meeting and in any case the current legislation is applied to any information that is relevant. The right to purchase own shares of the Company, unless otherwise permitted by law, is given to the Board of Directors from the general meeting for a specific period with a special resolution.

The composition, the terms of execution and the operation of the directive, managerial and supervision bodies that are defined according to the Code are stated in the Board of Directors report on the Corporate Governance.

INDEPENDENT AUDITORS

The independent auditors of the Group, KPMG Limited, have expressed their willingness to continue in office. A resolution for re-election of the independent auditors and an authorisation to the Board of Directors for fixing their remuneration will be submitted at the Annual General Meeting.

By order of the Board of Directors,

Adaminco Secretarial Limited
Secretary

Nicosia, 30 March 2017

Independent Auditors' report

To the members of Logicom Public Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the accompanying consolidated financial statements of Logicom Public Limited and its subsidiaries (the "Group") and the separate financial statements of Logicom Public Limited (the "Company") which are presented on pages 19 to 102 and comprise of the consolidated statement of financial position and statement of financial position of the Company as at 31 December 2016 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap.113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated and separate financial statements" section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements in Cyprus that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements, as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade debtors for the Group and trade debtors and other debtors for the Company

As stated in note 19 of the consolidated and separate financial statements.

Key audit matter

The significance of the balances for the Group and the Company, the economic and political environment in the countries the Group is operating in which create a risk concerning the recoverability of these balances and the uncertainty regarding the estimate of the provision for doubtful debts, constitute the valuation of these balances as one of the key audit matters.

How the matter was addressed in our audit

Audit procedures performed include the following:

- Assessment of the operational effectiveness of the controls in relation to the insurance of the Group's customers;
- Review of subsequent cash receipts;
- Assessment of the Group's experience in developing expectations regarding provision for doubtful debts;
- Assessment of the reasonableness of the assumptions and information taken into account in the calculation of the provision for doubtful debts such as the age of the balances, the characteristics of the customers and the countries in which the Group is operating, the extent of the insurance coverage and whether the amounts have been recovered post year end.

Valuation of inventories for the Group and the Company

As stated in note 18 of the consolidated and separate financial statements.

Key audit matter

Considering that the activities of the Group include the provision of high tech products and the fact that this industry is characterized by rapid developments and changes, there is a risk that the inventories held at year end may be slow moving or suffer a decrease in their value.

How the matter was addressed in our audit

Audit procedures performed include the following:

- Assessment of the Group's experience in developing expectations regarding provision for slow moving stock taking into account the expectations of the previous years and whether these expectations were representative of the future conditions and events;
- Assessment of the amount of provision for slow moving stock based on the characteristics of the country in which the inventories are held, the age and type of inventories, their marketability as well as the Group's option for stock rotation and price protection from the vendors;
- Comparison of the carrying value of inventories with their net realizable value.

Amount payable and share of loss from related company for the Group and amount payable from subsidiary company for the Company

As stated in notes 15 and 36 of the consolidated and separate financial statements.

Key audit matter

The Group and the Company have significant receivable balances from M.N. Larnaca Desalination Co. Ltd (the "desalination company"), as a result of financing the desalination project in Larnaca through its subsidiary, Verendrya Ventures Limited. The desalination company has suffered significant losses during the year ended 31 December 2016 and as at that date its liabilities exceeded its assets. The Group recognized its share of the loss of the desalination company for the year by reducing the amount payable by the desalination company. The financial statements of the desalination company for the year ended 31 December 2016 have been prepared on the basis of estimates and assumptions that involve inherent uncertainty in the calculation of expected future inflows relating to the desalination project. As a result, t the Board of Directors has exercised significant judgment on the subject matter and our audit has also focused in this area.

How the matter was addressed in our audit

Audit procedures performed include the following:

- Evaluate the reasonableness of the assumptions used to determine the value of significant assets of the desalination company, in comparison with statistical and other data, and consequently the share of loss recognized in the Group;
- Review of the expected future inflows of the subsidiary company Verendrya Ventures Limited which consists of the expected future inflows of the desalination company in Larnaca as well as those of the company that has undertaken the same project of the desalination unit in Limassol;
- Evaluate the reasonableness of the estimates and assumptions used to calculate the expected future inflows of the subsidiary company Verendrya Ventures Limited, such as the validity of the claims in favor and against the desalination company in Larnaca on the basis of the legal advice received from the Group's legal advisors and the level of

compensation that the desalination company is expected to receive based on the opinion of its advisors which are specialized in the subject matter.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in Management Report, but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors for the consolidated and separate financial statements

The Board of Directors is responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and standalone financial statements, the Board of Directors is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism through the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated and standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or businesses activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such information.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts of Law 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The consolidated and separate of financial statements of the Company are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated and separate financial statements give the information required by the Companies Law, Cap.113, in the manner so required.
- In our opinion, the Management Report and the Consolidated Management Report on pages 4 to 11, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap.113, and the information given is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the business and the Group's and Company's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report and the Consolidated Management Report.
- In our opinion, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113 and which is included as a specific section of the Management Report and the Consolidated Management Report, have been prepared in accordance with the requirements of the Companies Law, Cap. 113 and is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the business and the Group's and Company's environment obtained in the course of our audit, we have not identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii) and (vi) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42(I)/2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditors' report is Maria A. Karantoni.

Maria A. Karantoni FCA
Certified Public Accountant and Registered Auditor
For and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

Esperidon 14
1087 Nicosia
Cyprus

30 March 2017

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016 €	2015 €
Revenue		799.131.522	846.252.721
Cost of sales		(742.686.033)	(792.471.781)
Gross profit		56.445.489	53.780.940
Other income	5	1.189.938	1.120.542
Administrative expenses	6	(36.465.495)	(34.591.764)
Profit from operations		21.169.932	20.309.718
Net foreign exchange profit		27.080	183.602
Interest receivable		182.099	131.184
Interest payable and bank charges		(6.487.749)	(7.451.416)
Net finance expenses	7	(6.278.570)	(7.136.630)
Share of loss of jointly controlled companies and partnership (net of taxation)	15	(1.508.930)	(929.682)
Profit before taxation		13.382.432	12.243.406
Taxation	8	(1.724.370)	(1.760.950)
Profit for the year		11.658.062	10.482.456
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings		1.455.891	-
Deferred taxation arising from revaluation of land and buildings		21.896	2.641
		1.477.787	2.641
Other comprehensive income that are to be reclassified to profit or loss in future periods			
Deficit from revaluation of available for sale investments	7	(574.448)	(102.879)
Exchange difference from translation and consolidation of financial statements from foreign operations	7	3.126.261	5.331.942
Exchange difference in relation to hedge of a net investment in a foreign operation		(1.175.343)	(3.794.853)
Deferred taxation arising from exchange differences in relation to foreign operations	8	-	87.936
Other comprehensive income for the year after taxation		2.854.257	1.524.787
Total comprehensive income for the year after taxation		14.512.319	12.007.243
Profit for the year attributable to:			
Company's shareholders		12.214.872	10.827.335
Non-controlling interest		(556.810)	(344.879)
Profit for the year		11.658.062	10.482.456
Total comprehensive income for the year attributable to:			
Company's shareholders		15.069.129	12.352.122
Non-controlling interest		(556.810)	(344.879)
Total comprehensive income		14.512.319	12.007.243
Basic earnings per share (cent)	10	16,49	14,62
Diluted earnings per share (cent)	10	16,49	14,62

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 €	2015 €
Assets			
Property, plant and equipment	11	13.777.623	11.957.137
Intangible assets and goodwill	12	8.669.161	8.731.551
Available-for-sale investments	17	5.276.936	5.853.396
Trade and other receivables	19	22.557.386	21.295.695
Deferred taxation	26	2.315.497	2.993.808
Total non-current assets		52.596.603	50.831.587
Inventories	18	78.890.775	69.624.498
Trade and other receivables	19	157.598.708	174.008.370
Derivative financial instruments	37	239.944	-
Investments at fair value through profit and loss	16	16.448	23.635
Current tax assets	24	7.835.637	7.424.305
Cash and cash equivalents	20	39.266.277	26.624.081
Total current assets		283.847.789	277.704.889
Total assets		336.444.392	328.536.476
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	58.796.201	47.431.052
Equity attributable to shareholders of the company		83.983.265	72.618.116
Non-controlling interest		(1.406.215)	(849.405)
Total equity		82.577.050	71.768.711
Liabilities			
Long-term loans	25	486.011	2.947.384
Trade and other payables	23	10.625.561	9.550.751
Deferred taxation	26	503.574	579.927
Contingent liabilities	13	120.000	350.697
Total non-current liabilities		11.735.146	13.428.759
Trade and other payables	23	115.366.099	109.101.395
Bank overdrafts	25	52.133.395	52.383.050
Short term loans	25	67.114.604	43.038.306
Current portion of long-term loans	25	3.307.399	3.991.439
Promissory notes	38	2.588.889	30.808.228
Derivative financial instruments	37	-	351.408
Current tax liabilities	24	1.581.810	3.350.180
Contingent liabilities	13	40.000	315.000
Total current liabilities		242.132.196	243.339.006
Total liabilities		253.867.342	256.767.765
Total equity and liabilities		336.444.392	328.536.476

The consolidated financial statements were approved by the Board of Directors of Logicom Public Limited on 30 March 2017.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Managing Director	Group Chief Financial Officer/ Director

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

	Share capital €	Share Premium €	Revaluation Reserve €	Fair Value Reserve €	Difference arising on the conversion the share capital to Euro €	Hedge reserve €	Statutory reserve €	Translation reserve €	Retained earnings €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2015	25.187.064	10.443.375	3.164.098	1.407.850	116.818	(5.536.825)	209.362	(3.325.673)	31.651.045	63.317.114	(504.526)	62.812.588
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	10.827.335	10.827.335	(344.879)	10.482.456
Other comprehensive income	-	-	2.641	(102.879)	-	(3.794.853)	-	5.331.942	-	1.436.851	-	1.436.851
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	-	-	-	-	-	-	(2.963.184)	(2.963.184)	-	(2.963.184)
Transfer	-	-	-	-	-	-	691.377	-	(691.377)	-	-	-
Revaluation reserve realised through use	-	-	(22.080)	-	-	-	-	-	22.080	-	-	-
Balance at 1 January 2016	25.187.064	10.443.375	3.144.659	1.304.971	116.818	(9.331.678)	900.739	2.006.269	38.845.899	72.618.116	(849.405)	71.768.711
Total comprehensive income												
Profit for the year	-	-	-	-	-	-	-	-	12.214.872	12.214.872	(556.810)	11.658.062
Other comprehensive income	-	-	1.477.787	(574.448)	-	(1.175.343)	-	3.126.261	-	2.854.257	-	2.854.257
Transactions with owners of the Company, recognized directly in equity												
Proposed dividend for 2015 that was paid in 2016 (note 9)	-	-	-	-	-	-	-	-	(3.703.980)	(3.703.980)	-	(3.703.980)
Transfer	-	-	-	-	-	-	77.224	-	(77.224)	-	-	-
Revaluation reserve realised through use	-	-	(1.464)	-	-	-	-	-	1.464	-	-	-
Balance at 31 December 2016	25.187.064	10.443.375	4.620.982	730.523	116.818	(10.507.021)	977.963	5.132.530	47.281.031	83.983.265	(1.406.215)	82.577.050

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*
Year ended 31 December 2016

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the period of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence of 17% will be payable on such deemed dividends to the extent that the shareholders at the end of the period of the two years from the end of the year of assessment to which the profits refer are Cyprus tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Retained earnings is the only reserve that is available for distribution.

LOGICOM PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operations			
Profit for the year		11.658.062	10.482.456
Adjustments for:			
Exchange differences		1.687.102	967.487
Depreciation	11	1.275.272	1.141.781
Depreciation on leased property, plant and equipment	11	506.440	493.952
Interest payable		5.236.488	4.458.270
Interest receivable	7	(182.099)	(131.184)
Change in fair value of derivative financial instruments		(694.463)	(4.268.792)
Loss on revaluation of investments at fair value through profit and loss		7.187	76.157
Impairment of available-for-sale investments	17	2.012	75.808
Impairment of investments in subsidiaries	5	-	12.217
(Profit)/loss from the disposal of property, plant and equipment		(1.654)	21.040
Amortisation of research and development	12	62.390	124.578
Write off of property, plant and equipment		24.646	-
Taxation		1.724.370	2.103.233
		21.305.753	15.557.003
Increase in inventories		(9.266.277)	(8.767.465)
Decrease/(increase) in trade and other receivables		15.147.971	(32.201.097)
Increase in trade and other payables		7.339.514	21.701.044
Repayments / (Proceeds) from promissory notes		(28.219.339)	6.251.099
		6.307.622	2.540.584
Interest paid		(5.236.488)	(4.458.270)
Taxation paid		(3.176.160)	(2.537.396)
Net cash flow used in operations		(2.105.026)	(4.455.082)
Cash flows used in investing activities			
Payments to acquire available-for-sale investments		-	(104.197)
Proceeds from disposal of property, plant and equipment		74.924	194.151
Payments to acquire intangible assets	12	-	(2.824)
(Decrease)/Increase in provisions		(505.697)	29.168
Payments to acquire property, plant and equipment	11	(2.084.465)	(1.818.220)
Interest received		182.099	131.184
Net cash flow used in investing activities		(2.333.139)	(1.570.738)
Cash flows from financing activities			
Proceeds from issue of new loans		67.960.630	44.490.155
Repayment of loans		(47.029.745)	(45.143.651)
Dividends paid		(3.703.980)	(2.963.184)
Proceeds from derivative financial instruments		103.111	5.895.141
Net cash flow from financing activities		17.330.016	2.278.461
Net increase / (decrease) in cash and cash equivalents		12.891.851	(3.747.359)
Cash and cash equivalents at beginning of the year		(25.758.969)	(22.011.610)
Cash and cash equivalents at end of the year	20	(12.867.118)	(25.758.969)

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	Note	2016 €	2015 €
Revenue		65.049.928	99.845.288
Cost of sales		(62.126.040)	(95.802.637)
Gross profit		2.923.888	4.042.651
Other income	5	10.794.020	18.494.899
Administrative expenses	6	(8.062.847)	(5.238.041)
Profit from operations		5.655.061	17.299.509
Net foreign exchange profit		214.867	11.337
Interest receivable		37	408
Interest payable and bank charges		(2.543.255)	(2.782.216)
Net finance expenses	7	(2.328.351)	(2.770.471)
Profit before taxation		3.326.710	14.529.038
Taxation	8	(1.302.739)	238.700
Profit for the year		2.023.971	14.767.738
Other comprehensive income that will not be reclassified to profit or loss in future periods			
Surplus on revaluation of land and buildings		126.841	-
Deferred taxation arising from revaluation of land and buildings		(4.133)	1.531
Other comprehensive income for the year after taxation		122.708	1.531
Total comprehensive income for the year after taxation		2.146.679	14.769.269
Basic earnings per share (cent)	10	2,73	19,93
Diluted earnings per share (cent)	10	2,73	19,93

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 €	2015 €
Assets			
Property, plant and equipment	11	4.220.807	3.818.262
Intangible assets	12	6.226	58.852
Investments in subsidiary companies	14	14.292.965	12.841.060
Long-term loans to subsidiary companies	36	28.504.488	26.480.934
Deferred taxation	26	1.385.609	2.172.276
Total non-current assets		48.410.095	45.371.384
Inventories	18	5.675.402	4.254.113
Trade and other receivables	19	13.295.695	17.109.197
Receivables from subsidiary companies	36	80.204.568	67.813.508
Derivative financial instruments	37	228.195	-
Investments at fair value through profit and loss	16	9.594	16.781
Current tax assets	24	-	137.059
Cash and cash equivalents	20	9.507.156	2.624.785
Total current assets		108.920.610	91.955.443
Total assets		157.330.705	137.326.827
Equity			
Share capital	21	25.187.064	25.187.064
Reserves	22	10.338.005	11.895.306
Total equity		35.525.069	37.082.370
Liabilities			
Long-term loans	25	-	2.424.613
Deferred taxation	26	445.287	440.786
Total non-current liabilities		445.287	2.865.399
Trade and other payables	23	58.088.183	54.659.258
Bank overdrafts	25	30.000.235	32.087.337
Short term loans	25	27.611.076	3.765.959
Current portion of long-term loans	25	3.068.295	3.904.012
Promissory notes	38	2.588.889	2.682.361
Derivative financial instruments	37	-	276.731
Current tax liabilities	24	3.671	3.400
Total current liabilities		121.360.349	97.379.058
Total liabilities		121.805.636	100.244.457
Total equity and liabilities		157.330.705	137.326.827

The financial statements were approved by the Board of Directors of Logicom Public Limited on 30 March 2017.

....	....
Varnavas Irinarchos	Anthoulis Papachristoforou
Managing Director	Group Chief Financial Officer/ Director

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

	Share capital	Share Premium	Revaluation Reserve	Difference arising on the conversion the share capital to Euro	Retained earnings	Total
	€	€	€	€	€	€
Balance at 1 January 2015	25.187.064	10.443.375	1.955.969	116.818	(12.426.941)	25.276.285
Total comprehensive income						
Profit for the year	-	-	-	-	14.767.738	14.767.738
Other comprehensive income for the year	-	-	1.531	-	-	1.531
Transactions with owners of the Company, recognized directly in equity						
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	-	-	(2.963.184)	(2.963.184)
Revaluation reserve realised through use	-	-	(22.080)	-	22.080	-
Balance at 1 January 2016	25.187.064	10.443.375	1.935.420	116.818	(600.307)	37.082.370
Total comprehensive income						
Profit for the year	-	-	-	-	2.023.971	2.023.971
Other comprehensive income for the year	-	-	122.708	-	-	122.708
Transactions with owners of the Company, recognized directly in equity						
Proposed dividend for 2015 that was paid in 2016 (note 9)	-	-	-	-	(3.703.980)	(3.703.980)
Revaluation reserve realised through use	-	-	(1.464)	-	1.464	-
Balance at 31 December 2016	25.187.064	10.443.375	2.056.664	116.818	(2.278.852)	35.525.069

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the period of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence of 17% will be payable on such deemed dividends to the extent that the shareholders at the end of the period of the two years from the end of the year of assessment to which the profits refer are Cyprus tax residents and Cyprus domiciled. The amount of deemed dividend distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Retained earnings is the only reserve that is available for distribution.

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

LOGICOM PUBLIC LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Note	2016 €	2015 €
Cash flows from operations			
Profit for the year		2.023.971	14.767.738
Adjustments for:			
Depreciation	11	252.693	226.761
Net exchange profit from derivative financial instruments		(650.935)	(3.807.554)
Amortisation of research and development	12	52.626	94.342
Profit from the disposal of property, plant and equipment		-	(7.101)
Loss from write off of investments in subsidiary companies		-	12.217
Loss from impairment of investments in subsidiary companies		21.262	-
Loss on revaluation of investments at fair value through profit and loss		7.187	73.671
Write off of property, plant and equipment	11	24.619	-
Dividends receivable	5	(10.414.479)	(18.099.887)
Interest receivable	7	(37)	(408)
Interest payable		2.034.467	1.505.413
Taxation		1.302.739	(238.700)
		(5.345.887)	(5.473.508)
(Increase)/decrease in inventories		(1.421.289)	748.203
Decrease/(increase) in trade and other receivables		3.813.502	(4.544.913)
Increase in balances with subsidiary companies		(14.414.614)	(8.701.565)
Increase in trade and other payables		3.428.925	4.132.870
(Decrease) / increase in promissory notes		(93.472)	1.071.893
		(14.032.835)	(12.767.020)
Interest paid		(2.034.467)	(1.505.413)
Taxation paid		(378.374)	(2.124)
Net cash flow used in operations		(16.445.676)	(14.274.557)
Cash flows from investing activities			
Payments to acquire intangible assets	12	-	(2.824)
Payments to acquire property, plant and equipment	11	(227.016)	(163.222)
Payments to acquire investments in subsidiary companies	14	(1.473.167)	(5.370.568)
Proceeds from disposal of property, plant and equipment		-	7.101
Proceeds from sale of derivative financial instruments		146.009	5.277.272
Interest received		37	408
Dividends received		10.088.479	18.099.887
Net cash flow from investing activities		8.534.342	17.848.054
Cash flows from financing activities			
Repayment of loans		(5.709.368)	(7.571.610)
Proceeds from issue of new loans		26.294.155	3.765.959
Dividends paid		(3.703.980)	(2.963.184)
Net cash flow from/(used in) financing activities		16.880.807	(6.768.835)
Net increase / (decrease) in cash and cash equivalents		8.969.473	(3.195.338)
Cash and cash equivalents at beginning of the year		(29.462.552)	(26.267.214)
Cash and cash equivalents at end of the year	20	(20.493.079)	(29.462.552)

The notes on pages 28 to 102 form an integral part of these consolidated and separate financial statements.

1. STATUS AND PRINCIPAL ACTIVITY

Logicom Public Limited (the "Company") was incorporated in Cyprus on 9 December 1986 as a private company with limited liability. The principal activity of the Company is the distribution of high technology products. On 23 July 1999 the Company became public in accordance with the provisions of the Cyprus Companies Law and on 4 January 2000 commenced trading of its shares in the Cyprus Stock Exchange.

The address of the registered office of the Company is the following:
Eagle Star House
1st Floor
Theklas Lysioti 35
3030 Limassol

The address of the management office of the Company is the following:
Stasinou 26
Ayia Paraskevi
2003 Strovolos
Nicosia

On 1 January 1999, Logicom Public Limited acquired the whole share capital of Logicom (Overseas) Limited of €17.100. The principal activity of Logicom (Overseas) Limited is the distribution of high technology products and the assembly of computers. The company remained dormant during 2016.

On 1 January 2000, Logicom Public Limited acquired the whole share capital of SOLATHERM ELECTRO – TELECOMS "SET" Limited, of €5.135 which was renamed to ENET Solutions Limited on 11 January 2001. The principal activity of ENET Solutions Limited is the supply of solutions and services for networks and telecommunications. The company ENET Solutions Limited was renamed to Logicom Solutions Limited on 30 January 2009. The operations of the companies DAP Noesis Business Solutions Ltd and Netvision Ltd were transferred to Logicom Solutions Ltd in January 2009. The share capital of Logicom Solutions Ltd was transferred to Logicom Services Ltd for €2.398.056 on 31 December 2011.

On 27 April 2000, Netcom Limited was incorporated in Cyprus with a share capital of €17.100, which is wholly owned by Logicom Public Limited. The principal activity of Netcom Limited is the execution of infrastructure projects, such as the construction of a desalination plant in Episkopi Limassol and the renovation and operation of a desalination plant in Larnaca. On 20 July 2010 the whole share capital of Netcom Limited was acquired by Verendrya Ventures Limited. The company remained dormant during 2016.

On 25 July 2000, Logicom (Middle East) SAL was incorporated in Lebanon, with a share capital of LBP 75.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom (Middle East) SAL is the distribution of high technology products.

On 21 February 2001, ENET Solutions Logicom S.A. was incorporated in Greece with a share capital of €601.083, which is wholly owned by Logicom Public Limited. The principal activity of ENET Solutions Logicom S.A. is the distribution of high technology products.

On 7 August 2001, Logicom Jordan LLC was incorporated in Jordan, with a share capital of JOD 50.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Jordan LLC is the distribution of high technology products.

On 3 October 2001, Logicom FZE was incorporated in the United Arab Emirates, with a share capital of AED 1.000.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom FZE is the distribution of high technology products.

On 7 November 2001, Logicom Dubai LLC was incorporated in the United Arab Emirates, with a share capital of AED 300.000, which is wholly owned, directly and indirectly, by Logicom Public Limited. The principal activity of Logicom Dubai LLC is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 14 June 2005, Logicom Italia s.r.l. was incorporated in Italy, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Italia s.r.l. is the distribution of high technology products. On 5 May 2014 there was an increase in the share capital of Logicom Italia s.r.l to €200.000 which is wholly owned by Logicom Public Ltd.

On 1 December 2005, Logicom IT Distribution Ltd was incorporated in Turkey, with a share capital of 5.000 Turkish liras, which is owned evenly by subsidiary companies ENET Solutions Logicom S.A. and Logicom FZE. On 30 March 2007 there was an increase in the share capital of Logicom IT Distribution Ltd to 140.000 Turkish liras, which is owned by 40 % from Enet Solutions Logicom S.A. and by 60% from Logicom FZE. On 27 December 2007 there was a further increase in the share capital of Logicom IT Distribution Ltd to 1.540.000 Turkish liras which is owned by 4% from Enet Solutions Logicom S.A. and by 96% from Logicom FZE. The principal activity of Logicom IT Distribution Ltd is the distribution of high technology products.

On 1 August 2006, Rehab Technologies Ltd was incorporated in Saudi Arabia, with a share capital of SAR 500.000 which is held by a trustee on behalf of Logicom Public Ltd. Logicom Public Ltd has full control of the operations of Rehab Technologies Ltd through a contractual agreement. The principal activity of Rehab Technologies Ltd is the distribution of high technology products. The activities of Rehab Technologies Ltd were transferred to Logicom Saudi Arabia LLC on 8 June 2010 and the company has since remained dormant.

On 19 March 2007, Logicom Information Technology Distribution S.R.L. was incorporated in Romania with a share capital of 200 Romanian Lei, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Information Technology Distribution S.R.L. is the distribution of high technology products.

On 12 April 2007, Logicom Bulgaria EOOD was incorporated in Bulgaria, with a share capital of 20.000 Bulgarian Lev, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Bulgaria EOOD is the distribution of high technology products. During 2016, the company remained dormant.

On 30 January 2008, Verendrya Ventures Limited was incorporated in Cyprus, with a share capital of EUR1.000 which belongs to Logicom Public Limited and to Demetra Investments Public Limited by 60% and 40% respectively. The principal activity of Verendrya Ventrures Limited is the execution of projects relating to the construction of desalination units.

On 6 May 2009, Logicom Services Limited was incorporated in Cyprus, with a share capital of €10.000, which is wholly owned by Logicom Public Limited. The principal activity of Logicom Services Limited is the holding of investments.

On 28 July 2009, the Group acquired, through its subsidiary Logicom Services Limited, the 36,77% of the company Newcytech Business Solutions Limited. The main activity of Newcytech Business Solutions Limited is the provision of complete IT solutions. On 30 October 2009 Logicom Services Limited acquired the 100% of the share capital of Newcytech Business Solutions Limited amounting to €756.776.

With the acquisition of Newcytech Business Solutions Limited the Group acquired also the 100% of the company Newcytech Distribution Ltd with share capital of €8.550. The main activity of Newcytech Distribution Ltd is the import and wholesale of computers in the local market. The share capital of Newcytech Distribution Ltd was transferred to Logicom Services Holdings Limited on 30 June 2010.

On 16 August 2009, Enet Solutions LLC was incorporated, in the United Arab Emirates, with a share capital of AED300.000. The main activity of Enet Solutions LLC is the provision of complete IT solutions.

On 29 September 2009, Logicom Saudi Arabia LLC was incorporated in Saudi Arabia, with a share capital of SAR 26.800.000 which is owned by 75% from Logicom FZE and by 25% from a trustee on behalf of Logicom Public Limited. Logicom Public Limited has contractually the full control of the operations of Logicom Saudi Arabia LLC. The principal activity of Logicom Saudi Arabia LLC is the distribution of high technology products.

1. STATUS AND PRINCIPAL ACTIVITY *(continued)*

On 3 November 2009, ICT Logicom Solutions SA was incorporated in Greece, with a share capital of €100.000. The principal activity of ICT Logicom Solutions SA is the provision of complete IT solutions.

On 29 September 2010, Logicom Distribution Germany Gmbh was incorporated in Germany, with a share capital of €27.000 which is wholly owned by Logicom Public Limited. The principal activity of Logicom Distribution Germany Gmbh is the distribution of high technology products.

On 7 April 2010, M.N. E.P.C. Water Co. was incorporated in Cyprus with a partners' share of €10.000 which is owned by 50% from the Group's company Veredrya Ventures Ltd, through its subsidiary Netcom Ltd. M.N. E.P.C. Water Co. undertook the construction of Episkopi desalination plant on behalf of M.N. Limassol Water Co. Ltd.

On 4 November 2010, M.N. Limassol Water Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Limited, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Limassol Water Co. Limited was assigned the construction and operation of Episkopi Desalination plant.

On 29 November 2011, the Group obtained control, through its subsidiary Logicom Services Limited by 100% over Inteli-scape Limited with share capital of €85.500. The principal activity of Inteli-scape Limited is the development and sale of computer software. On 1 January 2015, the company Inteli- Scape Limited merged with Logicom Solutions Limited which is wholly owned by Logicom Services Limited.

On 7 August 2012, M.N. Larnaca Desalination Co. Limited was incorporated in Cyprus with a share capital of €10.000 which is composed of 5.000 shares Class A and 5.000 shares Class B. The Group's company Verendrya Ventures Ltd, through its subsidiary Netcom Ltd holds 2.500 shares Class A and 2.495 shares Class B. M.N. Larnaca Desalination Co. Limited was assigned the renovation and operation of Larnaca Desalination plant.

On 2 September 2012, Logicom LLC was incorporated in Oman with a share capital of USD 51.800 which is owned by 99% by the subsidiary company Logicom FZE and by 1% by the subsidiary Logicom Dubai LLC. The principal activity of Logicom LLC is the distribution of high technology products.

On 1 October 2013, Cadmus Tech Points S.A.L. was incorporated in Lebanon with a share capital of LBP 30.000.000 which is wholly owned by Logicom Public Limited. The principal activity of Cadmus Tech Points S.A.L. is the distribution of high technology products. During the year, the company remained dormant.

On 23 March 2014, Logicom Trading and Distribution LLC was incorporated in Qatar with a share capital of QAR 200.000 which is owned by 49% by the subsidiary company Logicom Dubai LLC and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Trading and Distribution LLC is the distribution of high technology products.

On 1 June 2014, Logicom Kuwait for Computer Company W.L.L. was incorporated in Kuwait with a share capital of KD 20.000 which is owned by 49% by the subsidiary company Logicom FZE and by 51% by a trustee on behalf of Logicom Public Limited. The principal activity of Logicom Kuwait for Computer Company W.L.L. is the distribution of high technology products.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113 and the requirements of the Stocks and Cyprus Stock Exchange laws and regulations and the Transparency (securities admitted to trading on a regulated market) Law.

The consolidated and separate financial statements of the Company were approved by the Board of Directors on 30 March 2017.

Basis of presentation

The consolidated and separate financial statements have been prepared under the historical cost convention, except for the land and buildings, investments at fair value through profit or loss and available for sale investments which are stated at their fair value. The methods used to measure the fair values are analysed further in note 3.

Going concern

Even though, as at 31 December 2016, the Company's current liabilities exceed its current assets, the Board of Directors taking into consideration the prospects of the Company, the planned development and the available banking facilities for use, has evaluated that the Company has the ability to continue as a going concern and therefore has prepared the financial statements on this basis.

Functional and presentation currency

The consolidated and separate financial statements are presented in Euro (€) which is the functional currency of the Company.

Estimates and judgments

The preparation of the consolidated and separate financial statements in conformity with the IFRSs as adopted by the EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about judgements in applying accounting policies that have significant effects on the amounts recognised in the consolidated and separate financial statements are included in the following notes:

- Note 28 – Operating lease

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 12 – Measurement of the recoverable amount of goodwill
- Note 14 – Recoverability of investments in subsidiary companies
- Note 15,36 – Measurement of impairment in investments in jointly controlled companies
- Note 18 – Measurement of provision for obsolete stock
- Note 19 – Measurement of provision for doubtful debts
- Note 26 - Recognition of deferred taxation: Utilisation of tax losses
- Note 36 - Recoverability of receivables from subsidiary companies

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to all periods presented in the consolidated and separate financial statements of the Company, and have been applied consistently by all Group entities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of new and revised IFRSs and Interpretations that are adopted by the EU
During the current year, the Group has adopted all the changes to IFRS which are relevant to its operations and are effective for annual periods beginning on 1 January 2016.

Standards, amendments to standards and interpretations not yet effective
The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2016. Those that are relevant to the activities of the Group are presented below. The Group does not intend to adopt the following before the date of validity.

(i) Standards and Interpretations adopted by the EU

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
IFRS 9 replaces the existing guidance in IAS 39. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2018).
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

(ii) Standards and Interpretations not yet adopted by the EU

IAS 7 (Amendments) "Disclosure Initiative" (effective for annual accounting periods beginning on or after 1 January 2017).
The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual accounting periods beginning on or after 1 January 2017).
The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2017 (IFRS 12) and 1 January 2018 (IFRS 1 and IAS 28)).
The annual improvements impact three standards. The amendments to IFRS 1 remove the outdated exemptions for first-time adopters of IFRS. The amendments to IFRS 12 clarify that the disclosure requirements for interest in other entities also apply to interests that are classified as held for sale or distribution. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods beginning on or after 1 January 2018).
The amendments cover three accounting areas: a) measurement of cash-settled share-based payments; b) classification of share-based payments settled net of tax withholdings; and c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurements of these arrangements – and potentially the timing and amount of expense recognised for new and outstanding awards.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Standards, amendments to standards and interpretations not yet effective *(continued)*

(ii) Standards and Interpretations not yet adopted by the EU (continued)

IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
The amendments intend to address concerns about the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard (expected as IFRS 17). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: a) an option permitting entities to reclassify from profit or loss to other comprehensive income some of the income or expenses arising from designated financial assets (overlay approach) or b) an optional temporary exemption from applying IFRS 9 whose predominant activity is issuing contracts within the scope of IFRS 4 (deferral approach).

IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
The amendments in Clarifications to IFRS 15 address three of the five topics identified i.e. identifying performance obligations, principal versus agent considerations, and licensing. The clarifications provide some transition relief for modified contracts and completed contracts. Additionally, the IASB concluded that it was not necessary to amend IFRS 15 with respect to the collectability or measuring non-cash consideration.

IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
The amendments clarify when a company should transfer a property asset to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, it is clarified that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.
IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

Subsidiary companies
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiary companies acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date that control ceases to exist.

Adjustments were made in the financial statements of the subsidiaries, where was considered necessary, in order to align their accounting policies with the accounting policies applied by the Group.

In the separate financial statements of the Company, the investments in subsidiary companies are presented at cost. In the event where the value of one investment is estimated to be permanently impaired, the deficit is transferred to the results.

Minority interest
Minority interest relates to the portion of profit or loss and the net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. Profits or losses attributable to the minority interest are disclosed in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss for the period. Minority interest is presented in the consolidated statement of financial position in equity, separately from equity attributable to equity holders of the parent company.

Contingent Consideration
Any contingent consideration is recognized initially at fair value at the acquisition date. If the contingent consideration is classified as equity it should not be recounted and its subsequent settlement must be accounted for within equity. If the contingent consideration is classified as an asset or a liability, any changes in its fair value should be recognized in the Statement of profit or loss and other comprehensive income.

Equity accounted investees
Investments in jointly controlled companies relate to all entities, in which the Group exercises significant influence, but not control or joint control, and are in general accompanied with a share between 20% and 50% in the voting rights. Entities under common control relate to entities in which the Group exercises joint control based on contractual arrangement that provides for the unanimous consent of the parties exercising control over the strategic financial and operating decisions.

Investments in jointly controlled companies and entities under common control are accounted for using the equity method. Investments which are accounted for using the equity method, which includes transaction costs, are recognised initially at cost. After the recognition, the consolidated financial statements include the share of profit/(loss) from the equity accounted investees until the date on which the Group ceases to exercise significant influence or joint control.

When Group's share of losses exceeds the share of investments recognised under the equity method, the carrying amount of investments, including any long term share which is part of the investment is eliminated and no additional losses are recognized, except to the degree that the Group has an obligation or has made payments on behalf of its investment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation (continued)

Elimination of transactions on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions within equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Revenue
Revenue from sales is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there are no material doubts regarding the repayment of the due amount, related expenses or possible return of products which can be estimated, there is no continuing management involvement with the products and the amount of revenue can be measured reliably. Income from services is recognised in proportion of the stage of completion at the end of the year.

Revenue represents amounts invoiced for products sold or services rendered during the year and are stated after the deduction of trade discounts and returns.

Cost of sales
Cost of sales is presented after the deduction of rebates from suppliers and provisions for slow moving stock.

Other income
Other income is recognised when it is considered as receivable. The income from dividend is recognized at the date the right to receive payment is established from the Group.

Finance income/expenses
Finance income comprises interest receivable on funds invested, interest receivable for prepayment of suppliers and gains arising from foreign exchange differences. Interest income is recognised in profit or loss, using the effective interest method.

Finance expenses comprise interest payable on borrowings calculated using the effective interest method, bank charges, losses arising on foreign exchange differences and losses arising for the use of financing instruments. Interest payable is recognised in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except in the case of land and buildings which are stated at fair value. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised as net within other income in the profit or loss. When revalued assets are sold, the relating amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation is provided to write off the cost or the revalued amount less the estimated residual value of items of property, plant and equipment on a straight line basis over their expected useful economic lives as follows:

	%
Buildings	4-5
Furniture and fittings	10
Computers	20-33,3
Motor vehicles	20

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment (continued)

No depreciation is provided on land.

Depreciation is calculated on a daily basis from the date that the property, plant and equipment are acquired until the date of their disposal.

Depreciation methods, estimated useful economic lives and estimated residual values of all property, plant and equipment are reviewed at the reporting date of the accounts.

Expenses for replacement improvement or repair of buildings
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of repair and maintenance of the buildings and other parts of property, plant and equipment are charged in profit or loss during the year they are incurred.

Revaluation and provision for impairment of parts of property, plant and equipment
Every year or earlier if necessary, assessments are performed to estimate the fair value amount of property, plant and equipment. If it is determined that the net recoverable amount of a part is significantly lower than its net value as it appears in the books of the Company and this difference is considered to be permanent, then the book value is reduced to the net recoverable amount. Approximately every three years, or earlier if necessary, assessments are performed to estimate the net values of land and buildings. The revaluation is made by professional independent valuers.

Inventories
Inventories are stated at the lower of cost and net realisable value. The cost of inventories is assigned by using the first-in-first-out method. The cost calculation includes the cost of purchase, transportation costs to the warehouse and freight charges.

The net realisable value is the estimated selling price in which the inventories can be sold in the ordinary course of business, less costs to sell.

Non-derivative financial instruments
The Group has the following non-derivative financial instruments: trade and other receivables, trade and other payables, cash and cash equivalents, investments at fair value through profit or loss, investments available for sale and interest bearing loans.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Any interest in transferred financial assets, that is created or retained by the Group, is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments (continued)

Trade and other receivables
Trade and other receivables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank overdrafts.

Trade and other payables
Trade and other payables are initially recognized at fair value plus any attributable transaction costs and subsequently these are stated at amortized cost using the effective interest method less any impairment losses.

Investments
The Group has classified all its investments in shares to the category fair value through profit or loss and to available for sale investments. Investments at fair value through profit or loss comprise of investments held for trading and are presented as assets in the statement of financial position based on their fair value.

The investments are firstly recognised at cost and then adjusted to fair value. For publicly available securities, the fair value is estimated by reference to the closing bid prices of the stock exchange at the end of the year. For non publicly available securities, the fair value is determined based on the net asset position at the end of the year. Any surplus or deficit that arises from the revaluation at fair value is recognised in the profit or loss.

Available for sale investments comprise of bonds and investments in public companies are presented as assets based on their fair value. The fair value is calculated based on their bid value according to the market values in the stock exchange at the year end. For non listed stocks or where it is determined that there is no active market, the fair value is calculated based on certain stocks valuation methods. Such valuation methods take into account the market conditions and the discounted cash flows using the expected future cash flows and the discounting rate that is based on the market conditions. Any surplus or deficit that arises from the revaluation at fair value, except from the cases of impairment described below is recognized in other comprehensive income and are presented in equity in the fair value reserve.

When an investment is derecognsied, the cumulative gains or losses in other comprehensive income are transferred to profit or loss.

Measurement at fair value
Fair value is the amount that could be recovered from the sale of an asset or paid to transfer a liability in a current transaction between participants in the principal or, failing this, in the most advantageous market in which the Group has access at the measurement date. The fair value of the liability reflects the risk of a failure.

The Group measures the fair value of an element using the values presented in an active market where these are available. A market is considered active if the transactions for the asset or liability are presented with sufficient frequency and volume to provide values on a continuous basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximize the use of data in the markets and minimize the use of unobservable inputs. The valuation technique used incorporates all the main parameters that market participants would consider in pricing a transaction. The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price, which is the fair value of the consideration paid or received.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments (continued)

Investments (continued)

Based on the Group's judgment on whether the fair value on the initial recognition differs from the transaction price and the fair value is not established by the quoted market price in an active market for similar assets or liabilities, and it is not based on a valuation technique that uses only data extracted from the markets then, the financial asset is measured initially at fair value, adjusted so that the difference between the fair value at initial recognition and transaction value is presented as deferred income / expense. Then, the difference is recognised to the profit or loss throughout the life of the instrument using appropriate apportionment methodology, but not later than when the valuation is entirely supported by data extracted exclusively from the markets or the transaction has been completed.

If an asset or a liability measured at fair value has a bid price and an ask price, the Group measures its assets at bid price and liabilities at an ask price.

The Group recognises transfers between levels of the fair value hierarchy at the end of reporting period in which the change occurs.

Interest -bearing borrowings
Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Promissory notes
Promissory notes comprise of Company's and Group's liabilities towards financial institutions that undertake the financing of invoices issued from certain suppliers. The financing of invoices by the subject financial institutions decreases the vendors' liabilities and is recognised as borrowings. The promissory notes bear discounting cost which is recognised in finance expenses.

Impairment of assets

Financial assets
A financial asset not carried at fair value through profit or loss is assessed at the end of the reporting period to determine whether there is objective evidence for impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's initial effective interest rate.

Losses on assets are recognised as an expense of the year. When an event occurs which causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed in profit or loss.

Impairment losses on available for sale investments are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve, in profit or loss. The cumulative loss that is transferred from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of assets *(continued)*

If, in a subsequent period, the fair value of an impaired available for sale investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. Any subsequent recovery in the fair value of an impaired investment available for sale is recognised in other comprehensive income.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at end of the year to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives the recoverable amount is estimated each year at the same time.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of the year for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Investments in subsidiary companies
Investments in subsidiary companies are stated in the parent company's books at cost less adjustments for any permanent impairment in the value of the investments. Any adjustments that arise are recorded in profit or loss.

Taxation
Taxation comprises current and deferred tax. Taxation is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the year, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the year.

Deferred tax assets and liabilities are offset if there is a legally enforceable right from the Group to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currency transactions
Transactions in foreign currencies are translated using the exchange rates enacted at the date of the transaction at the respective functional currency of each company of the Group. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated to the functional currency at the exchange rate ruling at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

Translation of results of foreign subsidiary companies
The results of foreign subsidiary companies are translated to Euro at the average exchange rate prevailing during the year, while assets and liabilities are translated to Euro at the rate prevailing at the end of the year. Any foreign currency differences on translation are transferred to other comprehensive income.

Long term loans that represent part of the Group's net investment in foreign subsidiary companies
All foreign exchange differences arising on long term loans to foreign subsidiaries are recorded in other comprehensive income in the financial statements of the Group and are transferred to profit or loss at the disposal of the subsidiary company.

All foreign exchange differences arising on long-term loans, are recognised in profit or loss in the year they are incurred in the parent company's financial statements.

Deferred taxation arising from net foreign exchange differences that arise from the long-term loans is transferred to other comprehensive income.

Hedge of a net investment in foreign operation
The Group applies hedge accounting to exchange differences arising between the functional currency of the investment in foreign operation and the parent Company's functional currency, irrespectively of whether the net investment is held directly or through a different Group company. Exchange differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the Hedge Reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the Hedge Reserve is transferred to profit or loss as part of the profit or loss on disposal.

Non-derivative financial instruments including hedge accounting
On initial designation of the non derivative financial instrument as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-derivative financial instruments including hedge accounting *(continued)*

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent.

Intangible assets

Software development and licensing costs for the use and distribution of computer software are capitalized and amortised in profit or loss on a straight line basis over their useful economic lives. Intangible assets are amortised as follows:

Development costs	5 years
Licensing costs	2 years

Goodwill arising from the difference between the acquisition cost and the net assets of subsidiary companies at the acquisition is capitalised and is assessed annually for impairment. Provision for impairment is recognised in profit or loss.

Goodwill is tested for impairment on an annual basis and it is presented at cost less any accumulated impairment losses.

Negative goodwill that arises from the difference between the net assets of subsidiary companies and the cost of acquisition during the acquisition is recognised in profit or loss in the same year.

Operating segments

Operating segments relate to components of the Group which may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about the allocation of resources to each segment and assess its performance.

Lease

Leases where a significant part of the risks and rewards of the property remains with the lessor are classified as operating leases. All operating lease payments (after deduction of motives received from the lessor) are recognised using the straight line method during the period of the lease.

Warranties

No provision is made for warranties given by the Group on computers and computer components because all computers and computer components carry a warranty from suppliers equal to the warranties given.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it's probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions for end of service benefits

Group companies pay benefits to the personnel at the end of service, as per the existing law of each country. The right to these benefits is determined based on the years of employment and the remuneration of each employee provided that the minimum service period is completed. The estimated expenses for these benefits are recognised based on an accrual basis.

Deferred income

Deferred income consists of sales of services based on contracts, and relates to services that were incurred in the period after the year end. The deferred income is included in trade and other payables.

Deferred expenditure

Deferred expenditure are the expenses that consist of purchases of services based on contracts, and relates to services that were incurred in the period after the year end. The deferred expenditure is included in trade and other receivables.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to risks arising from exchange differences from operational or financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. The derivative financial instruments are recognised initially at fair value and the attributable transaction costs are recognised in profit or loss. Subsequent to initial recognition, they are measured at fair value and the gain or loss arising from the measurement at fair value is recognised in profit or loss. The fair value of the forward exchange contracts for rate of exchange is their quoted market price at the end of the year, being the present value of the quoted forward price.

Events after the reporting date

Assets and liabilities are adjusted for events that occurred during the period from the year end to the date of approval of the financial statements by the Board of Directors, when these events provide additional information for the valuation of amounts relating to events existing at the year end or imply that the going concern concept in relation to part or the whole of the Group is not appropriate.

Share capital

(i) Ordinary shares

Ordinary shares issued and fully paid are classified as share capital. Incremental costs directly attributable to the issue of ordinary shares are recognised as a reduction from equity, net of any tax effects.

(ii) Dividends

Dividends are recognised as a liability in the year they are declared, according to IAS 10.

Earnings per share

The Company presents basic and diluted earnings per share that corresponds to the shareholders. The basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of issued shares outstanding during the year. The diluted earnings per share are calculated by adjusting the profit attributable to the shareholders of the Company and the weighted average number of issued shares.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Comparative amounts

Where necessary, comparative amounts are restated in order to comply with the changes in accounting policies, the application of new and revised International Financial Reporting Standards as adopted by the European Union and the presentation of the current financial year.

4. OPERATING SEGMENTS

The Group can be divided into two important segments, the distribution segment and the services segment. The distribution segment that mainly operates in the distribution of high technology products is divided in three main geographical segments as described below. The services segment operates mainly in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad. The following summary describes the operations in each of the Group's reportable segments:

- European markets distribution segment – This segment operates mainly in the distribution of high technology products in Cyprus, Greece and Italy.
- UAE and Saudi Arabia distribution segment – This segment operates mainly in the distribution of high technology products in United Arab Emirates and Saudi Arabia.
- Other markets distribution segment – This segment operates mainly in the distribution of high technology products in countries that the Group operates in other than the countries mentioned above.
- Services segment – This segment operates in the provision of solutions and services for networks and telecommunications and the provision of solutions and services for software to customers in Cyprus and abroad.

The companies of the Group buy and sell goods and services according to their needs from other group companies. Transactions are mainly carried out at cost. There are cases where transactions are carried out at a price other than cost when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

Information regarding the results of each reportable segment is presented below. The information is used for the preparation of the consolidated and separate financial statements. The performance is evaluated based on the profit before taxation of each segment, as presented in the management reports which are examined by the Board of Directors. For this reason the taxation of each reporting segment is not presented in the note. The profit of each segment is used for the evaluation of the performance since the management believes that the below information are the most appropriate for the evaluation of the results of all segments that are reported. The accounting policies of the operating segments are presented in note 3.

4. OPERATING SEGMENTS (*continued)*

Revenue and total non-current assets that relate to intangible assets and property, plant and equipment are allocated between Cyprus and abroad as follows:

	Revenue		Total non-current assets	
	2016	2015	2016	2015
	€	€	€	€
Cyprus	72.295.600	76.229.280	43.527.314	43.684.427
Greece	76.337.470	84.719.724	632.473	547.302
United Arab Emirates	338.038.431	348.948.311	5.972.503	4.261.682
Other foreign countries	312.460.021	336.355.406	2.464.313	2.338.176
	799.131.522	846.252.721	52.596.603	50.831.587

Major Customer

Revenue from one customer of the Group's European Markets Segment represents approximately €12.700.000 (2015: €17.600.000) of the Group's total revenue.

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	€	€	€	€
Sales of goods	783.831.132	831.350.772	63.879.124	98.445.018
Sales of services	15.300.390	14.901.949	-	-
Interest receivable from subsidiary companies	-	-	1.170.804	1.400.270
	799.131.522	846.252.721	65.049.928	99.845.288

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

4. OPERATING SEGMENTS *(continued)*

2016	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	152.320.269	529.489.675	72.630.428	44.691.150	-	799.131.522
Intersegment revenue	48.401.784	153.233.463	1.310.611	4.745.249	(207.691.107)	-
Other income	10.819.707	1.650.796	206.770	4.095.405	(15.582.740)	1.189.938
Depreciation and amortisation	385.044	569.623	189.135	173.557	-	1.317.359
Personnel costs	5.464.556	10.203.250	2.563.893	4.373.732	-	22.605.431
Travelling expenses	411.043	232.539	91.826	209.725	-	945.133
Provision for bad debts	974.099	800.236	118.517	18.809	(1.394.563)	517.098
Professional fees	1.130.068	315.520	207.471	454.627	(115.000)	1.992.686
Rent	314.925	857.845	341.644	307.889	-	1.822.303
Credit insurance	493.619	756.414	77.078	71.850	-	1.398.961
Transportation expenses	282.333	1.256.960	157.813	36.757	(30.000)	1.703.863
Profit from operations	9.221.838	16.599.037	821.457	7.688.461	(13.160.861)	21.169.932
Net foreign exchange profit /(loss)	(559.746)	105.250	(326.929)	(41.310)	849.815	27.080
Interest receivable	7.881	-	3.122	171.096	-	182.099
Interest payable and bank charges	(2.962.563)	(3.880.553)	(102.843)	(122.723)	580.933	(6.487.749)
Net finance income / (expenses)	(3.514.428)	(3.775.303)	(426.650)	7.063	1.430.748	(6.278.570)
Share of loss of jointly controlled companies and partnership (net of taxation)	-	-	(1.508.930)	-	-	(1.508.930)
Profit / (loss) before taxation	5.707.410	12.823.734	(1.114.123)	7.695.524	(11.730.113)	13.382.432
Acquisition of property plant and equipment	291.085	1.134.920	91.274	567.186	-	2.084.465
Total assets	234.548.317	201.839.385	34.125.450	60.508.617	(194.577.377)	336.444.392
Total liabilities	195.085.218	141.206.405	28.236.832	48.981.988	(159.643.101)	253.867.342

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

4. OPERATING SEGMENTS *(continued)*

2015	European Markets Distribution Segment €	Middle East Markets Distribution Segment €	All other Segments €	Services Segment €	Transactions between Operating Segments €	Total €
Revenue from third parties	162.786.387	553.633.796	83.228.802	46.603.736	-	846.252.721
Intersegment revenue	93.102.678	149.765.905	2.624.905	5.575.137	(251.068.625)	-
Other income	18.844.633	631.657	10.615	8.826.086	(27.192.449)	1.120.542
Depreciation and amortisation	415.643	447.850	198.978	192.503	-	1.254.974
Personnel costs	5.267.642	8.897.989	2.596.626	4.532.501	-	21.294.758
Travelling expenses	372.324	219.646	94.605	215.841	-	902.416
Provision for bad debts	18.422	199.053	(87.550)	39.614	475.000	644.539
Professional fees	1.241.538	306.543	232.205	449.140	65.000	2.294.426
Rent	291.905	903.676	349.775	247.525	-	1.792.881
Credit insurance	241.243	640.860	72.284	-	-	954.387
Transportation expenses	278.644	540.434	233.181	35.409	(30.000)	1.057.668
Profit from operations	20.258.936	15.852.028	395.110	11.739.519	(27.935.875)	20.309.718
Net foreign exchange profit /(loss)	(2.025.779)	1.548	(927.154)	364.458	2.770.529	183.602
Interest receivable	13.963	-	15.653	101.568	-	131.184
Interest payable and bank charges	(2.977.196)	(4.724.289)	(112.686)	(149.648)	512.403	(7.451.416)
Net finance income / (expenses)	(4.989.012)	(4.722.741)	(1.024.187)	316.378	3.282.932	(7.136.630)
Share of loss of jointly controlled companies and partnership (net of taxation)	-	-	(929.682)	-	-	(929.682)
Profit / (loss) before taxation	15.269.924	11.129.287	(1.558.759)	12.055.897	(24.652.943)	12.243.406
Acquisition of property plant and equipment	201.964	954.837	115.711	545.708	-	1.818.220
Total assets	212.472.537	197.862.898	32.393.821	56.656.677	(170.849.457)	328.536.476
Total liabilities	171.545.095	145.964.685	28.384.288	44.428.610	(133.554.913)	256.767.765

5. OTHER INCOME

THE GROUP

	2016 €	2015 €
Profit/(loss) from the disposal of property, plant and equipment	1.654	(21.040)
Loss on revaluation of investments at fair value through profit or loss	(7.187)	(76.157)
Loss on the derecognition of investments in subsidiary companies	-	(12.217)
Impairment of available-for-sale investments	(2.012)	(75.808)
Marketing funds	727.451	811.298
Sundry operating income	470.032	494.466
	1.189.938	1.120.542

THE COMPANY

	2016 €	2015 €
Profit from the disposal of property, plant and equipment	-	7.101
Dividends receivable	10.414.479	18.099.887
Loss on the derecognition of investments in subsidiary companies	-	(12.217)
Impairment of investments in subsidiary companies	(21.262)	-
Loss on revaluation of investments at fair value through profit or loss	(7.187)	(73.671)
Commissions (Note 36)	120.000	120.000
Administration services (Note 36)	137.000	127.000
Sundry operating income	150.990	226.799
	10.794.020	18.494.899

6. ADMINISTRATIVE EXPENSES

THE GROUP

(a) Personnel expenses

	2016 €	2015 €
Staff salaries	18.645.525	16.390.696
Social insurance	2.095.874	1.968.714
Other personnel costs	1.583.693	2.692.064
	22.325.092	21.051.474

The average number of employees during the year was 750 (2015: 712).

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

6. ADMINISTRATIVE EXPENSES *(continued)*

(b) Other administrative expenses

	2016 €	2015 €
Depreciation	1.254.969	1.130.396
Amortisation of research and development	62.390	124.578
Directors fees - Non executive directors	63.800	52.390
- Executive directors	280.339	243.284
Rent	1.822.303	1.792.881
Common expenses	42.627	46.318
Taxes and licences	171.750	218.357
Electricity and water	301.532	311.530
Cleaning	112.601	115.391
Insurance	1.905.319	1.382.459
Repairs and maintenance	167.373	172.607
Telephone and postage	600.362	594.026
Printing and stationery	101.830	112.145
Subscriptions and donations	186.229	164.654
Staff training expenses	89.069	143.954
Other staff expenses	478.925	395.980
Computer hardware maintenance expenses	342.095	289.914
Auditors' remuneration for the statutory audit of annual accounts	281.075	260.094
Legal fees (Note 1)	237.927	291.124
Other professional fees (Note 1)	854.071	1.224.027
Advertising	240.470	442.495
Traveling	945.133	902.416
Entertainment	182.641	160.733
Motor vehicles expenses	466.511	473.004
Transportation expenses	1.703.863	1.057.668
Subcontractors	555.813	466.792
Provision for bad debts	517.098	644.539
Other expenses	172.288	326.534
	14.140.403	13.540.290
Total administrative expenses	36.465.495	34.591.764

6. ADMINISTRATIVE EXPENSES *(continued)*

THE COMPANY

(a) Personnel expenses

	2016 €	2015 €
Staff salaries	2.405.636	2.114.822
Social insurance	309.298	279.525
Other personnel costs	(5.703)	59.611
	2.709.231	2.453.958

The average number of employees during the year was 80 (2015: 74).

(b) Other administrative expenses

	2016 €	2015 €
Depreciation	252.692	226.761
Amortisation of research and development	52.626	94.342
Directors fees - Non executives directors	63.800	52.390
- Executive directors	280.339	243.284
Rent	123.486	103.960
Common expenses	2.550	2.550
Taxes and licences	5.981	9.153
Electricity and water	42.440	53.929
Cleaning	8.684	7.176
Insurance	341.342	83.214
Repairs and maintenance	65.173	73.139
Telephone and postage	83.644	97.140
Printing and stationery	8.043	8.692
Subscriptions and donations	96.239	88.762
Staff training expenses	6.306	36.922
Other staff expenses	54.023	40.015
Computer hardware maintenance expenses	75.276	59.344
Auditors' remuneration for the statutory audit of annual accounts	49.375	29.275
Legal fees	36.950	77.500
Other professional fees (Note 2)	237.602	422.508
Advertising	46.399	109.622
Traveling	297.010	248.612
Entertainment	41.024	25.368
Motor vehicles expenses	74.904	68.632
Transportation expenses	31.012	29.970
Subcontractors	541.568	458.432
Provision for bad debts	4.134	(3.098)
Provision for impairment of subsidiary balances (Note 36)	2.381.244	-
Other expenses	49.750	36.489
	5.353.616	2.784.083
Total administrative expenses	8.062.847	5.238.041

6. ADMINISTRATIVE EXPENSES *(continued)*

Note 1

The total fees for the services of the lawyers and legal advisors of the law office Scordis, Papapetrou & Co LLC amount to €44.756 and are included in the legal fees and other professional fees. The total fees for the services of the secretary, Adaminco Secretarial Ltd, amount to €23.024 and are included in other professional fees.

Note 2

The Group's other professional fees that are presented above include fees amounting to €44.500 (2015: €63.500) for non audit services provided by the audit firm of the Company.

The Company's other professional fees that are presented above include fees amounting to €16.500 (2015: €5.500) for non audit services provided by the audit firm of the Company.

7. NET FINANCE INCOME AND EXPENSES

THE GROUP

	2016	2015
	€	€
Finance income		
Interest receivable	182.099	131.184
Net foreign exchange profit on derivative financial instruments	694.463	4.268.792
	876.562	4.399.976
Finance expenses		
Interest payable and bank charges	(6.487.749)	(7.451.416)
Net foreign exchange profit	(667.383)	(4.085.190)
	(7.155.132)	(11.536.606)
Net finance expenses	(6.278.570)	(7.136.630)
Net finance expenses recognized in other comprehensive income that are to be reclassified to profit or loss in future periods		
Exchange difference from translation and consolidation of financial statements from foreign operations	3.126.261	5.331.942
Deferred taxation arising from exchange differences in relation to foreign operations	-	87.936
Deficit from revaluation of available for sale investments	(574.448)	(102.879)
	2.551.813	5.316.999

THE COMPANY

	2016	2015
	€	€
Finance income		
Interest receivable	37	408
Net foreign exchange profit on derivative financial instruments	650.935	3.807.554
	650.972	3.807.962
Finance expenses		
Interest payable and bank charges	(2.543.255)	(2.782.216)
Net foreign exchange loss	(436.068)	(3.796.217)
	(2.979.323)	(6.578.433)
Net finance expenses	(2.328.351)	(2.770.471)

8. TAXATION

THE GROUP

	2016 €	2015 €
Corporation tax - current year	1.118.975	2.020.589
Corporation tax- adjustment for prior years	(279.326)	72.063
Special defence contribution	714	10.581
Other taxes	156.095	-
Deferred tax - charge/(credit) (Note 26)	727.912	(342.283)
	1.724.370	1.760.950

The subsidiary companies of the Group are taxed in the countries in which they operate as follows:

Company	Country	Tax rate %
Logicom (Overseas) Limited	Cyprus	12,5
Logicom Solutions Limited	Cyprus	12,5
Netcom Limited	Cyprus	12,5
Logicom (Middle East) SAL	Lebanon	15
ENET Solutions - Logicom S.A.	Greece	29
Logicom FZE	United Arab Emirates	0
Logicom Dubai LLC	United Arab Emirates	0
Logicom Jordan LLC	Jordan	20
Logicom Italia s.r.l.	Italy	27,5
Logicom IT Distribution Limited	Turkey	20
Rehab Technologies Limited	Saudi Arabia	20
Logicom Bulgaria EOOD	Bulgaria	10
Logicom Information Technology Distribution s.r.l.	Romania	16
Verendrya Ventures Limited	Cyprus	12,5
Logicom Services Ltd	Cyprus	12,5
Enet Solutions LLC	United Arab Emirates	0
ICT Logicom Solutions SA	Greece	29
Logicom Saudi Arabia LLC	Saudi Arabia	20
Newcytech Business Solutions Ltd	Cyprus	12,5
Newcytech Distribution Ltd	Cyprus	12,5
Logicom Distribution Germany GmbH	Germany	29,72
Logicom LLC	Oman	12
Logicom Kuwait Computer Company Ltd	Kuwait	15
Logicom Trading & Distribution LLC	Qatar	10
Cadmus Tech Points S.A.L.	Lebanon	15

THE COMPANY

	2016 €	2015 €
Corporation tax- adjustment for prior years	434.908	-
Special defence contribution	688	2.216
Other taxes	80.108	-
Deferred tax - charge/(credit) (Note 26)	787.035	(240.916)
	1.302.739	(238.700)

The Company is subject to corporation tax at 12,5% on all of its profits.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

8. TAXATION *(continued)*

Reconciliation of taxation with the taxation based on accounting profit

THE GROUP

	2016 €	2015 €
Profit before taxation	13.382.432	12.243.406
Effective tax rate	17,28%	16,54%
Tax for the year based on accounting profit	2.312.484	2.025.059
Tax effect for:		
Depreciation	115.337	30.618
Capital allowances	(131.438)	(23.951)
Income not allowed in computation of taxable income	(2.986.974)	(4.432.516)
Expenses not allowed in computation of taxable income	1.099.769	3.587.357
Tax effect of tax losses brought forward	709.797	834.022
Special defence contribution	714	10.581
Other taxes	156.095	-
Deferred tax	727.912	(342.283)
Adjustment for prior years	(279.326)	72.063
	1.724.370	1.760.950

Reconciliation of taxation with the taxation based on accounting profit

THE COMPANY

	2016 €	2015 €
Profit before taxation	3.326.710	14.529.038
Effective tax rate	12,50%	12,50%
Tax for the year based on accounting profit	415.839	1.816.130
Tax effect for:		
Depreciation	31.587	28.345
Capital allowances	(30.913)	(23.152)
Income not allowed in computation of taxable income	(2.057.373)	(3.059.409)
Expenses not allowed in computation of taxable income	935.137	404.063
Tax effect of tax losses brought forward	705.723	834.023
Special defence contribution	688	2.216
Capital gains tax	80.108	-
Deferred tax	787.035	(240.916)
Adjustment for prior years	434.908	-
	1.302.739	(238.700)

8. TAXATION *(continued)*

Deffered taxation recognized in other comprehensive income

THE GROUP

	2016 €	2015 €
Temporary differences arising from foreign exchange differences	-	87.936
Revaluation of land and buildings	21.896	2.641
	21.896	90.577

THE COMPANY

	2016 €	2015 €
Revaluation of land and buildings	(4.133)	1.531
	(4.133)	1.531

9. DIVIDENDS

	2016 €	2015 €
Dividends paid	3.703.980	2.963.184
	3.703.980	2.963.184

During the year a final dividend for 2015 of €3.703.980 was paid. This corresponds to €0,050 cent per share. In accordance with IAS 10, dividends are recognised in the year in which they are declared.

The proposed final dividend for 2016 amounting to €4.074.378, corresponds to €0,055 cent per share and in accordance with IAS 10, it will be recognized during 2017, the year in which it will be declared.

10. EARNINGS PER SHARE

THE GROUP

Basic and diluted earnings per share
The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2016	2015
Earnings attributable to shareholders (€)	12.214.872	10.827.335
Weighted average number of shares in issue during the year	74.079.600	74.079.600
Basic earnings per share (cent)	16,49	14,62
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	16,49	14,62

10. EARNINGS PER SHARE *(continued)*

THE COMPANY

Basic and diluted earnings per share
The calculation of basic and diluted earnings per share is based on the profit attributable to the shareholders of the parent Company, the weighted average number of issued shares and the weighted average number of issued shares during the year as follows:

	2016	2015
Earnings attributable to shareholders (€)	2.023.971	14.767.738
Weighted average number of shares in issue during the year	74.079.600	74.079.600
Basic earnings per share (cent)	2,73	19,93
Diluted weighted average number of shares	74.079.600	74.079.600
Diluted earnings per share (cent)	2,73	19,93

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

11. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings	Computers	Furniture and fittings	Motor vehicles	Total
	€	€	€	€	€
Cost or revaluation					
2015					
Balance at 1 January 2015	7.953.222	6.457.994	2.835.014	1.720.035	18.966.265
Additions for the year	798.344	751.335	147.746	120.795	1.818.220
Disposals for the year	(312.926)	(407.290)	(57.191)	(58.743)	(836.150)
Exchange differences	469.687	94.261	72.955	63.780	700.683
Balance at 31 December 2015	8.908.327	6.896.300	2.998.524	1.845.867	20.649.018
2016					
Balance at 1 January 2016	8.908.327	6.896.300	2.998.524	1.845.867	20.649.018
Additions for the year	394.334	809.716	724.371	156.044	2.084.465
Disposals for the year	-	(347.631)	(19.768)	(213.201)	(580.600)
Write offs for the year	-	(551.230)	(18.502)	-	(569.732)
Exchange differences	165.198	59.654	33.890	21.874	280.616
Adjustment on revaluation	716.836	-	-	-	716.836
Balance at 31 December 2016	10.184.695	6.866.809	3.718.515	1.810.584	22.580.603
Depreciation					
2015					
Balance at 1 January 2015	481.494	4.176.685	1.783.521	1.132.113	7.573.813
Charge for the year	254.455	921.513	271.743	188.022	1.635.733
Disposals for the year	(137.054)	(385.369)	(39.793)	(58.743)	(620.959)
Exchange differences	31.874	32.862	14.163	24.395	103.294
Balance at 31 December 2015	630.769	4.745.691	2.029.634	1.285.787	8.691.881
2016					
Balance at 1 January 2016	630.769	4.745.691	2.029.634	1.285.787	8.691.881
Charge for the year	337.741	937.640	328.461	177.870	1.781.712
Disposals for the year	-	(332.911)	(11.785)	(162.634)	(507.330)
Write offs for the year	-	(526.584)	(18.502)	-	(545.086)
Exchange differences	24.130	54.199	26.635	15.894	120.858
Adjustment on revaluation	(739.055)	-	-	-	(739.055)
Balance at 31 December 2016	253.585	4.878.035	2.354.443	1.316.917	8.802.980
Net book value					
Balance at 31 December 2015	8.277.558	2.150.609	968.890	560.080	11.957.137
Balance at 31 December 2016	9.931.110	1.988.774	1.364.072	493.667	13.777.623

11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

THE COMPANY	Land and buildings €	Computers €	Furniture and fittings €	Motor vehicles €	Total €
Cost or revaluation					
2015					
Balance at 1 January 2015	3.487.500	1.643.881	565.677	441.659	6.138.717
Additions for the year	-	129.595	17.909	15.718	163.222
Disposals for the year	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	3.487.500	1.773.476	583.586	421.993	6.266.555
2016					
Balance at 1 January 2016	3.487.500	1.773.476	583.586	421.993	6.266.555
Additions for the year	331.110	159.298	16.564	46.044	553.016
Write offs for the year	-	(551.203)	(18.502)	-	(569.705)
Adjustment on revaluation	(75.610)	-	-	-	(75.610)
Balance at 31 December 2016	3.743.000	1.381.571	581.648	468.037	6.174.256
Depreciation					
2015					
Balance at 1 January 2015	65.250	1.353.501	453.178	384.987	2.256.916
Charge for the year	65.250	108.924	26.535	26.052	226.761
Disposals for the year	-	-	-	(35.384)	(35.384)
Balance at 31 December 2015	130.500	1.462.425	479.713	375.655	2.448.293
2016					
Balance at 1 January 2016	130.500	1.462.425	479.713	375.655	2.448.293
Charge for the year	85.944	126.427	25.056	15.266	252.693
Write offs for the year	-	(526.584)	(18.502)	-	(545.086)
Adjustment on revaluation	(202.451)	-	-	-	(202.451)
Balance at 31 December 2016	13.993	1.062.268	486.267	390.921	1.953.449
Net book value					
Balance at 31 December 2015	3.357.000	311.051	103.873	46.338	3.818.262
Balance at 31 December 2016	3.729.007	319.303	95.381	77.116	4.220.807

If land and buildings were recognised under historic cost, these would have been as follows:

	2016 €	2015 €
Cost	5.730.774	5.336.440
Depreciation	(1.889.555)	(1.674.487)
	3.841.219	3.661.953

The value of the land which is not depreciated is as follows:

11. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	2016	2015
	€	€
Balance at 31 December	354.091	354.091

Approximately every three years, or earlier if required, revaluations are made to estimate the fair values of land and buildings.

The revaluations were made according to the comparable valuation method for the computation of the market value, with the cost of construction method for the purchase price of the building under consideration as well as on the basis of future prospects of the building under consideration. These valuations were made by independent professional valuers.

The subsidiary company Logicom (Overseas) Limited acquired buildings (land, offices and warehouse) in the Larnaca Free Zone Area in December 1994. Land was acquired on a long term lease agreement from the Cyprus Government to the subsidiary, ending on 30 September 2016 with an option for renewal for another two lease periods of 33 years. The lease agreement was renewed for an additional period of 33 years and has been transferred to Logicom Public Limited. The buildings with an initial cost of €130.178 followed by additions of cost €29.672, were revalued on 10 May 2016, resulting to a revaluation surplus of €96.108 and were distributed in the form of dividends to the parent company. The annual lease payment amounts to €3.210.

The land and buildings of Logicom Public Limited were revalued on 31 December 2016 and the surplus from revaluation amounted to €126.841.

The subsidiary company Logicom FZE acquired land in the Free Trade Zone Area in Jebel Ali. The land is leased under an operating lease for 10 years from the 1 August 2007 with an option for renewal. During the year, the subsidiary proceeded with the construction of an office building and a warehouse in the land. The annual lease payment is €99.488. The land and buildings were revalued on 31 December 2016 and the revaluation surplus amounted to €1.225.959.

The land and buildings of Logicom Jordan LLC were revalued on 31 December 2016 and the revaluation surplus amounted to €6.983.

As at 31 December 2016 the Group's management estimates that the book value of buildings of Logicom (Middle East) SAL in Lebanon is not significantly different from their fair value.

Taking into account the absence of satisfactory evidence, the general inertia of the real estate market and the unpredictable developments, the calculation of the fair value of land and buildings is classified at Level 3.

The provision for deferred taxation arising from the revaluation of land and buildings is presented in note 26.

12. INTANGIBLE ASSETS AND GOODWILL

THE GROUP	Development costs €	Licensing costs €	Goodwill €	Total €
Cost				
2015				
Balance at 1 January 2015	141.603	472.842	9.316.104	9.930.549
Additions	-	2.824	-	2.824
Balance at 31 December 2015	141.603	475.666	9.316.104	9.933.373
2016				
Balance at 1 January 2016	141.603	475.666	9.316.104	9.933.373
Balance at 31 December 2016	141.603	475.666	9.316.104	9.933.373
Amortisation				
2015				
Balance at 1 January 2015	101.603	322.472	653.169	1.077.244
Amortisation for the year	30.236	94.342	-	124.578
Balance at 31 December 2015	131.839	416.814	653.169	1.201.822
2016				
Balance at 1 January 2016	131.839	416.814	653.169	1.201.822
Amortisation for the year	9.764	52.626	-	62.390
Balance at 31 December 2016	141.603	469.440	653.169	1.264.212
Net book value				
Balance at 31 December 2015	9.764	58.852	8.662.935	8.731.551
Balance at 31 December 2016	-	6.226	8.662.935	8.669.161

12. INTANGIBLE ASSETS AND GOODWILL *(continued)*

THE COMPANY	Licensing costs €
Cost	
2015	
Balance at 1 January 2015	463.028
Additions	2.824
Balance at 31 December 2015	465.852
2016	
Balance at 1 January 2016	465.852
Balance at 31 December 2016	465.852
Amortisation	
2015	
Balance at 1 January 2015	312.658
Amortisation for the year	94.342
Balance at 31 December 2015	407.000
2016	
Balance at 1 January 2016	407.000
Amortisation for the year	52.626
Balance at 31 December 2016	459.626
Net book value	
Balance at 31 December 2015	58.852
Balance at 31 December 2016	6.226

Goodwill

For the purpose of the impairment testing, each subsidiary company is considered as a separate cash generating unit.

Logicom Solutions Ltd

Goodwill amounting to €2.343.488 arose by €449.755 on the acquisition of the subsidiary company Logicom Solutions Ltd on 1 January 2000 and on the acquisition of the subsidiary company Inteli-scape Limited on 29 November 2011 by €1.893.733. On 1 January 2015 the operation of Inteli-Scape Limited were merged with Logicom Solutions Ltd as an undertaking of an active economic unit and therefore it is considered as a single cash generating unit. The management estimates that there is no need for goodwill impairment on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount is equal to the value in use that is estimated as the current value of the future cash flows for a period of 3 years and the company's terminal value. For the determination of the terminal value the expected cash flows up to 2019 were used divided by the difference between the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated at 11% and the growth rate to perpetuity to 2%.

The amount of goodwill on 31 December 2016 is €2.343.488 (2015: €2.343.488).

Newcytech Business Solutions Limited

Goodwill amounting to €7.535.670 arose on the acquisition of the subsidiary company Newcytech Business Solutions Limited (“Newcytech”) on 30 October 2009.

12. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Management estimates that there is no need for impairment of the goodwill, that arose on the acquisition of Newcytech, on the basis that the recoverable amount exceeds the carrying amount of goodwill. The recoverable amount equals the value in use that is calculated as the present value of the estimated future cash flows for a period of 3 years and the terminal value of the company. For the determination of the terminal value the cash flows up to 2019 were used divided with the difference of the weighted average cost of capital and the growth rate. The weighted average cost of capital was calculated to 11% and the growth rate to perpetuity to 2%.

The amount of goodwill of Newcytech Business Solutions Limited arising from the acquisition on 31 December 2016 is €6.319.447 (2015: €6.319.447).

The main assumptions that were used in calculating the present value of the estimated future cash flows as assessed and evaluated by the Management are:

Discount rate
The discount rate is calculated at the same level as the weighted average cost of capital of the Group. For the calculation the interest rate of a 5 year government bond, the cost of financing after the tax deduction, the market interest rate and the effect of changes in the market on the Company were taken into account.

Growth rate for terminal value
The rate is calculated based on previous experience of the company's growth rate and the Company's segments of operations, taking into account the ongoing technological development, expertise and experience of the company. The rate is compared with the growth rate of the Gross Domestic Product of Cyprus, the country in which the company is operating.

Estimated future inflows
The future inflows from the above subsidiaries have been calculated based on the growth rates of the companies in recent years as well as on the business development plans of the companies:

- The budget for 2017 shows that the turnover of Newcytech Business Solutions Ltd and Logicom Solutions Ltd will remain at the same levels as in 2016. The projects that the companies expect to perform during the year as well as their planned development have been taken into consideration.
- The growth for 2018 is estimated to be at positive rates at the level of 3% for Logicom Solutions Ltd and 2% for Newcytech Business Solutions Ltd and a 2% increase is also foreseen for 2019 respectively.
- The growth after 2019 is expected to be within the expectations of the Management based on growth data for the country and segment of operations of the Company.

Management does not consider that there will be a considerable change in the above main assumptions that will affect the recoverable amount of goodwill so that it will be lower than the carrying amount.

Development/licensing costs

The software development costs and licensing costs arose on the acquisition of the subsidiary company DAP Noesis Business Solutions Limited on 20 March 2002.

These costs, relate to the use and distribution of software, are capitalized and then amortized in profit or loss on a straight line basis over their useful economic life as follows:

Development costs5 years
Licensing costs2 years

Licencing costs relate to the acquisition of the distribution rights of Nokia products in Cyprus which have been acquired by Logicom Public Ltd on 11 July 2011 through a distribution contract and which have a duration until the end of 2015 with a right of renewal for a further year. This contract was not renewed. However, a new contract was signed for the distribution of Nokia products.

12. INTANGIBLE ASSETS AND GOODWILL *(continued)*

Costs relating to the distribution of products are capitalised and amortised in profit and loss with equal annual charges over the expected useful economic life for 5 years. Licencing costs have been written off in full at the end of the year ended 31 December 2016.

13. ACQUISITION OF SUBSIDIARY COMPANY/CONTINGENT CONSIDERATION

Inteli-scape Limited
On 29 November 2011, the Company acquired 100% of the shares of Inteli-scape Limited for €2.554.376. The total cost for the acquisition of the subsidiary includes a contingent consideration of €1.244.376.

The purchase agreement provides that the contingent consideration is payable subject to the achievement of the targets set for the annual profit before tax of Inteli-scape Limited for the years 2011 until 2014. The consideration will be payable in partial payments within 30 days from the finalization of the audited financial statements of Inteli-scape Limited for each of the years stated above.

The contingent consideration has been determined between the Group and former shareholder at €975.000. The discounted value of this amount was estimated at €836.529.

During the year 2013 the Company revised the initial acquisition agreement with the agreement of Inteli-scape Limited's former shareholders. It was decided that the agreement for the payment of the consideration for the achievement of the targets for the years 2013 and 2014 would be abandoned. The corresponding amount that was accounted for the achievement of the above targets will be paid in a period of 6 years with a final payment date on December 2020. The contingent consideration for the acquisition has been determined between the Group and the former shareholder to €775.000.

During the year 2016 the Company made additional revisions to the initial acquisition agreement of Inteli-scape Limited with the agreement of its former shareholders. It was decided that the future payable amount would be amended to €200.000. This amount will be payable in equal annual instalments with a final payment date the 30th of June 2020.

The contingent consideration was adjusted in 2016 as follows:

	€
Balance at 1 January 2016	665.697
Adjustment on provision	(465.697)
Payment during the year	(40.000)
Balance at 31 December 2016	160.000

The contingent consideration is analysed in short term and long term as follows:

	2016 €	2015 €
Short-term	40.000	315.000
Long-term	120.000	350.697
	160.000	665.697

14. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company has the following investments in subsidiary companies:

Name	Country of incorporation	2016 Percentage %	2015 Percentage %	Cost 2016 €	Cost 2015 €
Logicom (Overseas) Limited	Cyprus	100	100	-	-
Logicom (Middle East) SAL	Lebanon	100	100	1.525.819	52.652
ENET Solutions Logicom S.A.	Greece	100	100	1.205.400	1.205.400
Logicom FZE	United Arab Emirates	100	100	7.759.420	7.759.420
Logicom Jordan LLC	Jordan	100	100	78.372	78.372
Logicom Italia s.r.l.	Italy	100	100	3.569.544	3.569.544
Rehab Technologies Limited	Saudi Arabia	100	100	100.382	100.382
Logicom Information Technology Distribution s.r.l.	Romania	100	100	63	63
Logicom Bulgaria EOOD	Bulgaria	100	100	-	10.048
Noesis Ukraine LLC	Ukraine	-	46	-	11.214
Logicom Services Ltd	Cyprus	100	100	10.000	10.000
Verendrya Ventures Ltd	Cyprus	60	60	600	600
Logicom Distribution Germany GmbH	Germany	100	100	27.000	27.000
Cadmus Tech Points S.A.L	Lebanon	100	100	16.365	16.365
				14.292.965	12.841.060

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Logicom Solutions Ltd in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary companies Enet Solutions Logicom S.A. and Logicom FZE, the 100% of Logicom IT Distribution Ltd in Turkey with share capital of €11.343.372.

The Company owns indirectly, through the subsidiary company Verendrya Ventures Limited, the 100% of the subsidiary Netcom Limited in Cyprus.

The Company owns indirectly, through the subsidiary company Logicom FZE, the 100% of the subsidiary Logicom Saudi Arabia LLC in Saudi Arabia with share capital of €4.960.896.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Business Solutions Limited in Cyprus with share capital of €756.776.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of Newcytech Distribution Limited in Cyprus with share capital of €8.550.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary Enet Solutions LLC in the United Arab Emirates with share capital of €56.589.

The Company owns indirectly, through the subsidiary company Logicom Services Limited, the 100% of the subsidiary ICT Logicom Solutions SA in Greece, with share capital of €100.000.

The Company owns indirectly, through the subsidiaries Logicom FZE and Logicom Dubai LLC, the 100% of Logicom LLC in Oman, with share capital of €41.086.

14. INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

The Company owns indirectly, through its subsidiary Logicom FZE, the 100% of Logicom Kuwait for Computer Company WLL in Kuwait, with share capital of €50.997.

The Company owns indirectly, through its subsidiary Logicom Dubai LLC, the 100% of Logicom Trading and Distribution LLC in Qatar, with share capital of €40.015.

On 31 December 2016, the Company made an impairment assessment on the value of the investments in subsidiary companies by comparing the net asset value of each investment with the carrying amount as stated in the Company's books. There was no indication for impairment in the value of the investments in subsidiaries, except for Logicom Bulgaria EOOD, Logicom (Middle East) SAL και Logicom Italia SRL based on the estimates discussed above. The value of the investment in Logicom Bulgaria EOOD was fully impaired in 2016. The value of the investments in the companies Logicom (Middle East) SAL and Logicom Italia srl were not impaired based on the calculation of the discounted cash flows of these companies for the years 2017-2026 divided by the weighted average cost of capital that was calculated at 11%.

The following table includes the dates of acquisition, the nominal values and the number of shares of the main subsidiary companies:

	Date of acquisition/ incorporation	Nominal Value	Number of shares
Logicom (Overseas) Limited	01/01/1999	EUR 1,71	10.000
Logicom Solutions Ltd	01/01/1999	EUR 1,71	5.000
Netcom Limited	27/04/2000	EUR 1,71	10.000
Logicom (Middle East) SAL	25/07/2000	LBP 15.000	20.000
ENET Solutions Logicom S.A.	21/02/2001	EUR 2,94	410.000
Logicom Jordan LLC	07/08/2001	JOD 1	50.000
Logicom FZE	03/10/2001	AED 1m.	1
Logicom Dubai LLC	07/11/2001	AED 100	3.000
Logicom Italia s.r.l.	14/06/2005	EUR 10.000	1
Logicom IT Distribution Limited	01/12/2005	YTL 25	920.000
Rehab Technologies Limited	01/08/2006	SAR 500	1.000
Logicom Information Technology Distribution s.r.l.	19/03/2007	RON 200	1
Logicom Bulgaria EOOD	12/04/2007	BGN 20.000	1
Verendrya Ventures Limited	30/01/2009	EUR 1	1.000
Logicom Services Limited	06/05/2009	EUR 1	10.000
Enet Solutions LLC	16/08/2009	AED 1.000	300
ICT Logicom Solutions SA	03/11/2009	EUR 1	100.000
Logicom Saudi Arabia LLC	29/09/2009	SAR 10	2.680.000
Newcytech Business Solutions Limited	30/10/2009	EUR 1,71	442.559
Newcytech Distribution Limited	30/10/2009	EUR 1,71	5.000
Logicom Distribution Germany GmbH	29/09/2010	EUR 1	25.000
Logicom LLC	02/09/2012	OMR 1	20.000
Logicom Kuwait for Computer Company W.L.L	02/09/2012	KWD 200	100
Cadmus Tech Points S.A.L	01/10/2013	LBP10.000	3.000
Logicom Trading and Distribution LLC	23/03/2014	QAR 1.000	200

15. EQUITY-ACCOUNTED INVESTEES

The Group participates in the consortium M.N Limassol Water Co. Limited and M.N. E.P.C Water Co. (partnership) with 50% holding through its subsidiary Verendrya Ventures Limited. The above consortiums have undertaken the construction and operation of the desalination plant in Episkopi.

15. EQUITY-ACCOUNTED INVESTEES *(continued)*

During 2012, the Group has also acquired a 50% holding through its subsidiary Verendrya Ventures Limited, in the joint venture M.N Larnaca Desalination Co. Limited for the renovation and operation of the existing desalination unit in Larnaca.

The Group recognizes the above investments using the equity method.

The Group has fully impaired the above investments, which are recognised using the equity method, based on the losses attributable to Verendrya Ventures Limited. The losses that exceed the value of the investments were credited to the loans granted from Verendrya Ventures Limited to M.N. Limassol Water Co. Limited and M.N. Larnaca Desalination Co. Limited.

The Group through the consolidation of the results of the subsidiary company Verendrya Ventures Limited recognised a total loss of €1.508.930 (2015: €929.682) which mainly results from its indirect involvement in the company M.N. Larnaca Desalination Co. Limited (the company).

According to the Bank Loan Agreement, a restriction with regards to the dividend distribution exists if any of the below applies:

- Based on the instructions issued by the Water Development Department, the production of the desalinated water is restricted below the minimum quantities as specified in the contract.
- The Water Development Department instructs the company to operate in a stand-by mode.
- The economic position or the future cash flows of the company are not in a position to warrant the distribution of dividends.

In addition, according to the Bank Loan Agreement, the ratio of the total borrowings of the Consortium to M.N. Limassol Water Co. Limited, the company's equity and the available cash in the company's account compared to the amount borrowed from the bank should be at least 30%-70% for a period of 3 years from the date of the commencement of the production. After the 3 years lapse, this ratio will not apply provided that the company will have available a Debt Service Reserve Account, which will be blocked in favor of the Bank. Following the lapse of the 3 years, the company maintains the minimum ratio of 30%-70% and therefore the company has not created a Debt Service Reserve Account.

Regarding the investment in the desalination unit of Larnaca, M.N. Larnaca Desalination Co's Limited management has prepared its financial statements for the year ended 31 December 2016 using estimates, assumptions, judgement and evidence that include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to. Judgement has also been applied in the allocation of the expected compensation in the financial model of the company between financial and intangible asset. In accordance with paragraph 92 of IAS 37 'Provisions, contingent liabilities and contingent assets' no further information is disclosed in relation to the subject matter on the grounds that it may prejudice the position of the company in a dispute with other parties.

15. EQUITY-ACCOUNTED INVESTEES *(continued)*

Significant total amounts of investments accounted for using the equity method:

2016	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2016	31/12/2016	31/12/2016	
	€	€	€	€
Non-current assets	19.926.303	-	44.026.578	63.952.881
Current assets	5.147.347	78.832	9.047.355	14.273.534
Total assets	25.073.650	78.832	53.073.933	78.226.415
Current liabilities	(1.273.688)	(101.478)	(6.283.079)	(7.658.245)
Non-current liabilities	(31.810.737)	-	(46.795.348)	(78.606.085)
Total liabilities	(33.084.425)	(101.478)	(53.078.427)	(86.264.330)
Net assets	(8.010.775)	(22.646)	(4.494)	(8.037.915)
Revenue	6.866.485	-	7.437.754	14.304.239
Expenses	(10.791.004)	(2.198)	(6.528.897)	(17.322.099)
(Loss) / Profit	(3.924.519)	(2.198)	908.857	(3.017.860)
Group's share in net assets	(4.005.388)	(11.323)	(2.247)	(4.018.958)
Group's share in (loss) / profit	(1.962.260)	(1.099)	454.429	(1.508.930)

2015	M.N. Larnaca Desalination Co. Limited	M.N. E.P.C. Water Co.	M.N. Limassol Water Co. Limited	Total
Percentage	50%	50%	50%	
Reporting date	31/12/2015	31/12/2015	31/12/2015	
	€	€	€	€
Non-current assets	21.820.967	-	46.240.467	68.061.434
Current assets	5.555.697	86.384	8.364.396	14.006.477
Total assets	27.376.664	86.384	54.604.863	82.067.911
Current liabilities	(4.261.704)	(106.832)	(5.880.317)	(10.248.853)
Non-current liabilities	(27.201.216)	-	(49.637.897)	(76.839.113)
Total liabilities	(31.462.920)	(106.832)	(55.518.214)	(87.087.966)
Net assets	(4.086.256)	(20.448)	(913.351)	(5.020.055)
Revenue	6.647.957	3	3.482.148	10.130.108
Expenses	(8.663.448)	(7.665)	(3.318.359)	(11.989.472)
(Loss) / Profit	(2.015.491)	(7.662)	163.789	(1.859.364)
Group's share in net assets	(2.043.128)	(10.224)	(456.676)	(2.510.028)
Group's share in (loss) / profit	(1.007.746)	(3.831)	81.895	(929.682)

The balances and transactions between the jointly controlled companies are presented in note 36.

16. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

THE GROUP

	2016 €	2015 €
Shares of the companies listed in ASE	1.051	1.300
Shares of the companies listed in CSE	6.854	13.792
Other investments	8.543	8.543
	16.448	23.635

THE COMPANY

	2016 €	2015 €
Shares of the companies listed in ASE	1.051	1.300
Shares of the companies listed in CSE	-	6.938
Other investments	8.543	8.543
	9.594	16.781

As at the date of the approval of the financial statements, 30 March 2017, the value of the shares traded in the CSE was €540 and the shares traded in ASE was €1.026.

17. AVAILABLE-FOR-SALE INVESTMENTS

Available for sale investments consist of shares in the public companies Demetra Investments Public Ltd (‘‘Demetra’’), Hellenic Bank Public Ltd (‘‘Hellenic”) and Bank of Cyprus Public Company Ltd (‘‘BOC’’). The shares are traded in the Cyprus Stock Exchange. The investment in BOC securities was a result of the conversion of the 47,5% of Logicom Solutions Ltd's and Newytech Business Solutions Ltd's deposits held in BOC, into shares. These investments are presented at fair value.

THE GROUP

	2016 €	2015 €
Balance at 1 January	5.853.396	5.927.886
Additions	-	104.197
Impairment charge of investments	(2.012)	(75.808)
Decrease in fair value of investments	(574.448)	(102.879)
Balance at 31 December	5.276.936	5.853.396

THE COMPANY

	2016 €	2015 €
Balance at 1 January	-	-
Additions	-	-
Balance at 31 December	-	-

18. INVENTORIES

THE GROUP

	2016 €	2015 €
Net value of inventories at 31 December	78.890.775	69.624.498

The provision for slow moving stock has decreased by €1.267.425 (2015: increase €259.581) as a result of the sale of inventories for which a provision was recorded in previous years.

THE COMPANY

	2016 €	2015 €
Net value of inventories at 31 December	5.675.402	4.254.113

There was no movement in the provision for slow moving stock (2015: increase €1.742).

Inventories consist of finished goods for sale. Inventories are stated net of any provision for inventory determined as obsolete and which it is possible that they cannot be sold.

For the determination of the provision for slow moving stock, the characteristics of the country in which the inventories are held, the age and the type of inventories, their marketability as well as the Group's option for stock rotation and price protection from the vendors, were taken into consideration.

19. TRADE AND OTHER RECEIVABLES

THE GROUP

	2016 €	2015 €
Trade receivables	149.679.659	164.203.918
Other receivables	3.243.601	2.778.904
Prepayments	4.670.798	6.093.262
Receivable from jointly controlled companies (Note 36)	22.562.036	22.227.981
	180.156.094	195.304.065
Less non-current receivables		
Receivables from jointly controlled companies (Note 36)	(22.557.386)	(21.295.695)
Current receivables	157.598.708	174.008.370

THE COMPANY

	2016 €	2015 €
Trade receivables	6.432.434	8.973.177
Other receivables	6.843.042	6.997.424
Prepayments	15.569	206.310
Receivable from associated companies (Note 36)	4.650	932.286
	13.295.695	17.109.197

Trade and other receivables are stated net of any provision for doubtful debts. The provision for doubtful debts amounted to €2.602.436 (2015: €2.967.688) for the Group and to €115.208 (2015: €115.208) for the Company.

19. TRADE AND OTHER RECEIVABLES *(continued)*

Part of the trade receivables of Logicom Public Ltd in Cyprus and Malta and the subsidiaries Enet Solutions Logicom S.A. in Greece and Logicom FZE in United Arab Emirates have been settled through the factoring agreement without recourse. The total amount of trade receivables that were settled as at 31 December amounted to €18.438.649 (2015: €23.828.073).

The Group's prepayments include amounts of €1.160.644 (2015: €1.524.640) which have been paid to the company Alternative Distribution Financing Ltd (‘ADF’) as a security deposit against financing facilities used by Group companies in the United Arab Emirates. The comparative amounts were reclassified to prepayments from cash and cash equivalents as recognised as at 31 December 2015.

The Company's other receivables mainly include trade receivable balances of the subsidiary company Logicom FZE that were settled through the factoring agreement without recourse.

The risks in relation to trade and other receivables as well as the information relevant to the provision for doubtful debts are presented in note 30.

20. CASH AND CASH EQUIVALENTS

THE GROUP

	2016 €	2015 €
Cash in hand	17.739	17.944
Current accounts with banks	39.248.538	26.606.137
	39.266.277	26.624.081

THE COMPANY

	2016 €	2015 €
Cash in hand	2.884	2.031
Current accounts with banks	9.504.272	2.622.754
	9.507.156	2.624.785

The deposit interest rates for 2016 amounts to 1,5% - 2,0% per annum (2015: 3,0%).

For cash flow statement purposes, cash and cash equivalents include:

THE GROUP

	2016 €	2015 €
Cash at bank and in hand	39.266.277	26.624.081
Bank overdrafts (Note 25)	(52.133.395)	(52.383.050)
	(12.867.118)	(25.758.969)

THE COMPANY

	2016 €	2015 €
Cash at bank and in hand	9.507.156	2.624.785
Bank overdrafts (Note 25)	(30.000.235)	(32.087.337)
	(20.493.079)	(29.462.552)

21. SHARE CAPITAL

	2016 Number of shares	2016 €	2015 Number of shares	2015 €
Authorised				
Ordinary shares of €0,34 each	100.000.000	34.000.000	100.000.000	34.000.000
Issued and fully paid				
Balance at 1 January	74.079.600	25.187.064	74.079.600	25.187.064
Balance at 31 December	74.079.600	25.187.064	74.079.600	25.187.064

All the shares are listed and traded in the Cyprus Stock Exchange, they have the same and equal rights and have no limitations in their transfer.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

22. RESERVES

THE GROUP

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Consolidated Retained earnings €	Revaluation Reserve €	Fair Value Reserve €	Translation reserve €	Hedge reserve €	Statutory reserve €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2015	116.818	10.443.375	31.651.045	3.164.098	1.407.850	(3.325.673)	(5.536.825)	209.362	38.130.050	(504.526)	37.625.524
Profit for the year	-	-	10.827.335	-	-	-	-	-	10.827.335	(344.879)	10.482.456
Exchange differences in relation to foreign operations	-	-	-	-	-	5.331.942	(3.794.853)	-	1.537.089	-	1.537.089
Deficit arising from the revaluation of available for sale investments	-	-	-	-	(102.879)	-	-	-	(102.879)	-	(102.879)
Total comprehensive income	-	-	10.827.335	-	(102.879)	5.331.942	(3.794.853)	-	12.261.545	(344.879)	11.916.666
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	(2.963.184)	-	-	-	-	-	(2.963.184)	-	(2.963.184)
Transfer	-	-	(691.377)	-	-	-	-	691.377	-	-	-
Revaluation reserve realised through use	-	-	22.080	(22.080)	-	-	-	-	-	-	-
Deferred tax on revaluation of land and buildings	-	-	-	2.641	-	-	-	-	2.641	-	2.641
	-	-	(3.632.421)	(19.439)	-	-	-	691.377	(2.960.543)	-	(2.960.543)
Balance at 31 December 2015	116.818	10.443.375	38.845.899	3.144.659	1.304.971	2.006.269	(9.331.678)	900.739	47.431.052	(849.405)	46.581.647

22. RESERVES *(continued)*

THE GROUP

	Difference arising on the conversion the share capital to Euro	Share Premium	Consolidated Retained earnings	Revaluation Reserve	Fair Value Reserve	Translation reserve	Hedge reserve	Statutory reserve	Total	Non-controllin g interest	Total
	€	€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2016	116.818	10.443.375	38.845.899	3.144.659	1.304.971	2.006.269	(9.331.678)	900.739	47.431.052	(849.405)	46.581.647
Profit for the year	-	-	12.214.872	-	-	-	-	-	12.214.872	(556.810)	11.658.062
Exchange differences in relation to foreign operations	-	-	-	-	-	3.126.261	(1.175.343)	-	1.950.918	-	1.950.918
Surplus on revaluation of land and buildings	-	-	-	1.455.891	-	-	-	-	1.455.891	-	1.455.891
Deferred tax on revaluation of land and buildings	-	-	-	21.896	-	-	-	-	21.896	-	21.896
Deficit arising from the revaluation of available for sale investments	-	-	-	-	(574.448)	-	-	-	(574.448)	-	(574.448)
Total comprehensive income	-	-	12.214.872	1.477.787	(574.448)	3.126.261	(1.175.343)	-	15.069.129	(556.810)	14.512.319
Proposed dividend for 2015 that was paid in 2016 (note 9)	-	-	(3.703.980)	-	-	-	-	-	(3.703.980)	-	(3.703.980)
Revaluation reserve realised through use	-	-	1.464	(1.464)	-	-	-	-	-	-	-
Transfer	-	-	(77.224)	-	-	-	-	77.224	-	-	-
	-	-	(3.779.740)	(1.464)	-	-	-	77.224	(3.703.980)	-	(3.703.980)
Balance at 31 December 2016	116.818	10.443.375	47.281.031	4.620.982	730.523	5.132.530	(10.507.021)	977.963	58.796.201	(1.406.215)	57.389.986

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

22. RESERVES *(continued)*

THE COMPANY

	Difference arising on the conversion the share capital to Euro €	Share Premium €	Retained earnings €	Revaluation Reserve €	Total €
Balance at 1 January 2015	116.818	10.443.375	(12.426.941)	1.955.969	89.221
Profit for the year	-	-	14.767.738	-	14.767.738
Deferred tax on revaluation of land and buildings	-	-	-	1.531	1.531
Total comprehensive income	-	-	14.767.738	1.531	14.769.269
Proposed dividend for 2014 that was paid in 2015 (note 9)	-	-	(2.963.184)	-	(2.963.184)
Revaluation reserve realised through use	-	-	22.080	(22.080)	-
Balance at 1 January 2016	116.818	10.443.375	(600.307)	1.935.420	11.895.306
Profit for the year	-	-	2.023.971	-	2.023.971
Surplus on revaluation of land and buildings	-	-	-	126.841	126.841
Deferred tax on revaluation of land and buildings	-	-	-	(4.133)	(4.133)
Total comprehensive income	-	-	2.023.971	122.708	2.146.679
Proposed dividend for 2015 that was paid in 2016 (note 9)	-	-	(3.703.980)	-	(3.703.980)
Revaluation reserve realised through use	-	-	1.464	(1.464)	-
	-	-	(3.702.516)	(1.464)	(3.703.980)
Balance at 31 December 2016	116.818	10.443.375	(2.278.852)	2.056.664	10.338.005

Retained earnings
Retained earnings include accumulated profits or losses of the Company.

Share premium
Share premium consists of amounts incurred from the issue of shares at prices higher than the nominal value.

Reserve arising from the change of the nominal value of the shares
Reserve arising from the change of the nominal value of the shares consists of the difference arising from the change of the nominal value of the shares, following the adoption of the Euro as the official currency of the Republic of Cyprus.

Revaluation reserve
Revaluation reserve consists of the accumulated amounts of revaluations of land and buildings and the Deferred taxation arising from the revaluations.

Fair value reserve
Fair value reserve consists of the accumulated amounts of revaluations of the available for sale investments recognised at their fair value.

Translation Reserve
Translation reserve consists of the accumulated exchange differences that arise on the translation of the equity of the foreign subsidiary companies and the exchange differences that arise from the long-term loans of the parent company to the foreign subsidiary companies.

22. RESERVES *(continued)*

Translation Reserve (continued)

Exchange differences that arise from the long-term loans to foreign subsidiary companies are transferred to other comprehensive income and presented in the translation reserve in the financial statements of the Group. Exchange differences are transferred to profit and loss on the disposal of the subsidiary company. Deferred taxation arising from net exchange differences from the translation of the long-term loans is transferred to other comprehensive income and is presented in the translation reserve.

Exchange differences arising from long-term loans to foreign subsidiary companies are recognised in profit and loss in the year they are incurred and are recognised in the financial statements of the parent Company.

Hedging Reserve

Hedging Reserve consists of the accumulated amounts of the hedging of the net investment in foreign subsidiary companies with the Group's liabilities at a foreign currency.

Statutory reserve in United Arab Emirates, Lebanon and Jordan

This reserve consists of amounts transferred every year from retained earnings, according to the statutory requirements applicable in these countries.

23. TRADE AND OTHER PAYABLES

THE GROUP

	2016 €	2015 €
Trade payables	93.115.536	86.043.002
Accrued expenses	7.839.158	8.296.207
Other payables	20.548.067	20.201.303
Deferred income	4.488.899	4.111.634
	125.991.660	118.652.146
Less non-current payables		
Other payables	(10.625.561)	(9.550.751)
Current payables	115.366.099	109.101.395

Other payables included in the current payables relate to a loan between the subsidiary company Verendrya Ventures Limited and Demetra Investments Public Limited as a result of its participation in the desalination plants in Episkopi and Larnaca.

Other creditors include provision for employees end of service benefits, amounting to €1.444.215.

THE COMPANY

	2016 €	2015 €
Trade payables	53.768.672	50.552.607
Accrued expenses	1.721.806	1.369.231
Other payables	2.597.705	2.737.420
	58.088.183	54.659.258

The risks in relation to trade and other payables are presented in note 30.

24. CURRENT TAX ASSETS AND LIABILITIES

THE GROUP

	2016 €	2015 €
Current tax assets	7.835.637	7.424.305
Current tax liabilities	1.581.810	3.350.180

THE COMPANY

	2016 €	2015 €
Current tax assets	-	137.059
Current tax liabilities	3.671	3.400

Current tax assets include the amount of €6.482.702 which was paid by the subsidiary company Enet Solutions Logicom S.A.

25. LOANS AND BANK OVERDRAFTS

THE GROUP

	2016 €	2015 €
Long-term loans	3.793.410	6.938.823
Short term loans	67.114.604	43.038.306
Bank overdrafts (Note 20)	52.133.395	52.383.050
	123.041.409	102.360.179

The long-term loans of the Group are repayable as follows:

THE GROUP

	2016 €	2015 €
Within one year	3.307.399	3.991.439
Between two and five years	486.011	2.947.384
	3.793.410	6.938.823

THE COMPANY

	2016 €	2015 €
Long-term loans	3.068.295	6.328.625
Short term loans	27.611.076	3.765.959
Bank overdrafts (Note 20)	30.000.235	32.087.337
	60.679.606	42.181.921

The long-term loans of the Company are repayable as follows:

THE COMPANY

	2016 €	2015 €
Within one year	3.068.295	3.904.012
Between two and five years	-	2.424.613
	3.068.295	6.328.625

The long term loans of the Group and the Company consist of:

Loan in Euro repayable in eight years, with 15 equal six-monthly installments of €225.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 31 December 2009.

Loan in Euro repayable in eight years, with 15 equal six-monthly installments of €408.000. The interest rate is equal to 6 month EURIBOR + 2,0% annually and the first installment was paid on 30 April 2011.

Loan in United States Dollars (USD) repayable in seven years including a grace period of two years. Four equal quarterly installments of USD 718.000 remain for the full repayment of the loan. The interest rate is equal to 3 month USD LIBOR +4,0% annually.

The weighted average cost of the bank overdraft is 4,2% annually (2015: 4,2%). The bank overdrafts are repayable on demand by the respective banks.

25. LOANS AND BANK OVERDRAFTS *(continued)*

The interest rate of short-term loans is equal to 3 month USD LIBOR plus 3,90% annually, 3 month USD LIBOR plus 3,25% annually and 3 month USD LIBOR plus 2,80% annually (2015: 3 month USD LIBOR plus 4,25% annually and 6 month USD LIBOR plus 4,25% annually). Short-term loans are repayable within three months from the day they are signed.

The undrawn balance of the bank overdrafts of the Group at 31 December 2016 amounted to €85,6 million (2015: €86,7 million) and of the Company to €9,9 million (2015: €5,9 million).

The banking facilities are secured by:
1. The guarantee of Logicom Solutions Ltd for $6.000.000, $6.600.000, €494.500, €34.172, €2.916.000 and $600.000.
2. First mortgage with registration number Y2256/95 for factory and offices in Larnaca with registration number L6 on the name of Logicom (Overseas) Limited for €170.861 (it also secures the liabilities of Logicom (Overseas) Limited).
3. First mortgage with registration number Y1858/99 amounts to €598.010, second mortgage with registration number Y3404/99 amounts to €256.290 and third mortgage with registration number Y3405/99 amounts to €170.860 on building with registration number N1664 at Ayia Paraskevi owned by Logicom Public Limited
4. First mortgage with registration number Y1953/99 dated 9 March1999 for plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €133.270, owned by Logicom Public Limited.
5. Second mortgage with registration number Y5753/00 dated 21 July 2000 on plot with registration number N1665 in Nicosia (Ayia Paraskevi area, Strovolos) for €136.688, owned by Logicom Public Limited.
6. Pledge of 100% of the shares in Newcytech Business Solutions Ltd with reg. number 145820.
7. Assignment of receivables of Logicom Public Ltd for the amount €1.998.533 and $9.998.678.
8. The guarantee of Logicom (Overseas) Limited for €170.861.
9. First, second, third, fourth, fifth and sixth floating charge on the assets of Newcytech Business Solutions Limited of €4.131.185 respectively (2015: €4.991.105).
10. Assignment of receivables of Newcytech Business Solutions Limited for the amount €- (2015: €900.000).
11. Corporate guarantee of Logicom Public Limited for €6.202.375 (2015: €6.202.375).
12. Promissory note of Logicom Public Limited, for the amount $10.073.510 and $8.439.967.
13. Corporate guarantee of Logicom Public Limited with no amount restriction.
14. Corporate guarantee of Logicom Public Limited of $45.000.000, $6.000.000, $15.000.000, $1.500.000, €1.500.000, €3.000.000, AED 30.000.000, AED 88.035.000, AED 35.000.000.
15. Fire safety guarantee of €3.993.900.

26. DEFERRED TAX

Liabilities/Assets of deferred taxation

	Liabilities 2016 €	Assets 2016 €	Transfer to Reserves €	Transfer to Statement of Comprehensive Income €	Liabilities 2015 €	Assets 2015 €
THE GROUP						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(22.317)	(5.483)	-	3.485	(589.390)	1.223
Temporary differences arising from loss for the year	-	1.555.417	-	(901.994)	-	2.480.486
Revaluation of land and buildings	(441.506)	-	21.896	-	(462.609)	-
Temporary differences arising from administrative expenses	(39.751)	542.347	-	40.749	(65.044)	1.185.306
Temporary differences arising from unrealised exchange difference	-	119.158	-	129.848	(121.733)	-
Exchange difference	-	104.058	-	-	658.849	(673.207)
	(503.574)	2.315.497	21.896	(727.912)	(579.927)	2.993.808
THE COMPANY						
Deferred taxation arising from:						
Temporary differences arising from differences between depreciation and capital allowances	(3.781)	-	-	(368)	(3.413)	-
Temporary differences arising from loss for the year	-	1.385.609	-	(786.667)	-	2.172.276
Revaluation of land and buildings	(441.506)	-	(4.133)	-	(437.373)	-
	(445.287)	1.385.609	(4.133)	(787.035)	(440.786)	2.172.276

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax assets and liabilities and when the deferred taxes relate to the same tax authority.

Deferred tax asset recognised relates to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of the year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax asset mainly relates to the Company's tax losses. This provision is considered to be fully recoverable mainly because part of the Company's losses are allocated to the Group's subsidiary companies as tax relief. Furthermore, the Company is expected to generate taxable profits in the next years based on the overall tax planning prepared in relation to its operations.

27. CONTINGENCIES AND LITIGATIONS

The most important guarantees are as follows:

1. The Company has provided a bank guarantee of up to USD 3.600.000 (€3.415.235) to a foreign supplier for providing a trading credit facility. This guarantee is valid from 12 August 2015 until 18 August 2017.
2. The Company has provided a second bank guarantee of up to USD 400.000 (€379.471) to a second foreign supplier for providing a trading credit facility. This guarantee is valid from 24 August 2015 until 18 August 2017.
3. The Company has provided a third bank guarantee of up to €1.350.000 to a third foreign supplier for providing a trading credit facility. This guarantee was renewed on 12 July 2016 for the amount of €1.200.000 until 11 August 2017.
4. The Company has provided a fourth bank guarantee of up to €150.000 to a fourth foreign supplier for providing a trading credit facility. This guarantee was renewed on 12 July 2016 for the amount of €300.000 until 11 August 2017.
5. The Company has provided a fifth bank guarantee of up to USD 1.600.000 (€1.517.883) to a fifth foreign supplier for providing a trading credit facility. This guarantee expired on 12 April 2016 and was renewed for an amount up to USD 1.200.000 (€1.138.412) until 12 April 2017.
6. The Company has provided a sixth bank guarantee of up to USD 300.000 (€284.603) to a sixth foreign supplier for providing a trading credit facility. This guarantee is valid from 11 September 2016 until 17 October 2017.
7. The Company has provided bank guarantees of up to USD 1.000.000 (€948.677) to a seventh foreign supplier for providing a trading credit facility. These guarantees are valid from 11 September 2016 until 17 October 2017.
8. The Company has provided an eighth bank guarantee of up to €34.172 to the Director of Customs and Excise Department for the use of a Bonded Warehouse in the Free Trade Zone in Larnaca.
9. Companies of the Group have provided bank guarantees in order to participate to government projects and private sector projects.

Apart from the tax liabilities that have already been accounted for in the consolidated and separate financial statements, based on the existing information, it is possible that additional tax liabilities may arise during the examination of the tax and other affairs of the companies of the Group.

28. OPERATING LEASE

THE GROUP

	2016 €	2015 €
Within one year	834.588	880.003
Between one and five years	2.078.857	1.946.325
After more than five years	485.598	323.499

The Group rents a number of buildings, warehouses and motor vehicles. The Group assesses the categorization to operating lease or hire purchase. Based on the fact that, firstly, the land is not transferable, secondly, because the rents are adjusted to the market rent prices at regular intervals and the Group is not involved in the residual values of the buildings, it was assessed that the risks and rewards remain substantially with the owner. Based on the above factors, it is concluded that the leases are classified as operating leases.

The Group acquired land in the Larnaca Free Trade Zone Area in December 1994, on a long-term operating lease agreement ending on 30 September 2016 from the Cyprus Government, with an option for renewal for another two lease periods of 33 years. The leasing was renewed for one period of 33 years. The buildings with an initial purchase cost of €130.178 and with further additions at the cost of €29.672, were revalued on 10 May 2016 and distributed in the form of dividends to the parent company. The annual lease expense amounts to €3.210.

The Group acquired land in the Free Trade Zone Area in Jebel Ali through the subsidiary Logicom FZE in the United Arab Emirates. The land was acquired on a long-term operating lease agreement for 10 years from 1 August 2007, with an option for renewal.

The Group also acquired offices and a warehouse in Greece through the subsidiary Enet Solutions Logicom S.A. under a lease agreement.

The lease expense recognized during 2016 in the statement of profit or loss and other comprehensive income is €1.076.613 (2015: €1.232.384).

Included in operating leases is an amount which relates to hire purchases, which is considered immaterial to be disclosed separately.

29. FAIR VALUES

Management believes that the fair values of the financial assets and liabilities of the Group and the Company are approximately equal to the amounts shown in the books at the end of the year.

30. RISK MANAGEMENT

The main financial assets held by the Group and the Company are cash and cash equivalents, investments and trade and other receivables. The main financial liabilities of the Group and the Company are bank overdrafts and loans and trade and other payables. The Group and the Company are exposed to the following risks from their financial assets and liabilities.

30.1 Credit risk

Credit risk is the risk of default by counter parties to transactions mainly from trade receivables of the Group and the Company. The Group and the Company ensure the application of appropriate mechanisms and ensure the maintenance of related monitoring procedures and controls over credits. Credit risk is monitored on an ongoing basis.

The Group entered into an agreement with Atradius Credit Insurance N.V. ('Insurance Company') for the insurance of the credit that the Group offers to its customers. The issuance of such insurance agreement is considered to be the most appropriate method for hedging against credit risk.

30. RISK MANAGEMENT *(continued)*

30.1 Credit risk (continued)

The insurance agreements for the trade receivables and the procedures required under these agreements, have significantly improved the monitoring and control of trade receivables, mainly in the approval of credit limits, which is done in cooperation with the credit insurance company as the latest has the resources for a better evaluation of the credibility of each debtor. It should be noted that the credit insurance covers all trade receivables other than governmental or semi-governmental organizations as well as physical persons.

The carrying value of investments represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date of the consolidated and separate financial statements was:

THE GROUP

	2016 €	2015 €
Available-for-sale investments	5.276.936	5.853.396
Investments at fair value through profit and loss	16.448	23.635
Receivables from jointly controlled companies	22.557.386	21.295.695
Trade and other receivables	157.598.708	174.008.370
Cash and cash equivalents	39.266.277	26.624.081
	224.715.755	227.805.177

THE COMPANY

	2016 €	2015 €
Investments at fair value through profit and loss	9.594	16.781
Long-term loans to subsidiary companies	28.504.488	26.480.934
Trade and other receivables	13.295.694	17.109.197
Cash and cash equivalents	9.507.156	2.624.785
Balances with subsidiary companies	80.204.568	67.813.508
	131.521.500	114.045.205

Cash and cash equivalents

The Group held cash and cash equivalents amounting to €39.266.277 (2015: €26.624.081), which represent the maximum credit risk exposure, after trade and other receivables from whom any risk has been limited as explained above. Cash and cash equivalents are deposited in banks and financial institutions, which are valuated from Caa3 to Aa3, based on Moody's, from CCC+ to A based on Standard & Poor's and from RD to AA- based on Fitch's.

The maximum exposure to credit risk of the Group, for trade receivables by geographic region, is as follows:

THE GROUP

	2016 €	2015 €
Europe	60.635.548	72.306.238
Middle East	89.044.111	91.897.680
	149.679.659	164.203.918

30. RISK MANAGEMENT *(continued)*

30.1 Credit risk (continued)

THE COMPANY

	2016 €	2015 €
Europe	6.432.434	8.973.177
	6.432.434	8.973.177

In accordance to the above analysis, 41% of the Group's trade receivables (2015: 44%) originates from Europe and 59% (2015: 56%) of the Group's trade receivables originates from the Middle East.

The ageing of the remaining trade receivables is as follows:

THE GROUP

	2016 €	2015 €
0 until 90 days	138.272.872	151.736.062
91 until 180 days	7.116.103	9.026.518
more than 180 days	4.290.684	3.441.338
	149.679.659	164.203.918

THE COMPANY

	2016 €	2015 €
0 until 90 days	6.119.239	8.840.839
91 until 180 days	95.136	46.304
more than 180 days	218.059	86.034
	6.432.434	8.973.177

It is not considered necessary to provide for the amount of trade receivables of the Group that are outstanding for a period longer than 180 days since the largest part of this amount arises from the services segment where the credit period is higher, the credibility of the customers is at higher levels and the repayment is made based on special agreements. The amount that arises from the distribution segment has been recovered in some cases after the year end or it is considered to be recoverable based on the facts of each case.

It is not considered necessary to provide for the amount of trade receivables of the subsidiaries since it has been assessed that all Group companies have the ability to repay their obligations.

The ageing of the balances of the subsidiary companies in the Company’s books is as follows:

The Company's other debtors mainly include trade receivable balances of the subsidiary company Logicom FZE (note 19) which are aged 0-90 days and which are considered to be fully recoverable.

THE COMPANY

	2016 €	2015 €
0 until 180 days	80.204.568	67.813.508
more than 180 days	28.504.488	26.480.934
	108.709.056	94.294.442

30. RISK MANAGEMENT *(continued)*

30.1 Credit risk (continued)

For the determination of provision for doubtful debts, the age of the balances, the characteristics of the customers and countries in which the Group operates and the extent to which the outstanding amount was recovered after the year end were taken into consideration.

The provision for doubtful debts for the year shows a decrease in relation to the provision of the corresponding period of 2015. Group's management estimates that the credit insurance has significantly reduced the risk for doubtful debts. The provision for doubtful debts is analysed as follows:

THE GROUP

	2016 €	2015 €
At 1 January	2.967.688	2.443.599
Provision for doubtful debts	517.098	644.539
Decrease in provision for doubtful debts	(882.350)	(120.450)
At 31 December	2.602.436	2.967.688

THE COMPANY

	2016 €	2015 €
At 1 January	115.208	122.181
Provision for doubtful debts	4.134	(3.098)
Decrease in provision for doubtful debts	(4.134)	(3.875)
At 31 December	115.208	115.208

The Group estimates that the fair value of trade and other receivables is not significantly different from their carrying value as recognised in the financial statements, as the average repayment period of trade and other receivables is less than 6 months.

30.2 Interest rate risk

Interest rate risk is the risk of fluctuations in the value of financial instruments due to movements in market interest rates. Income and cash flows from operations of the Group and the Company are dependent on changes of market interest rates, since the Group and the Company have material assets which bear interest. The Group and the Company are exposed to interest rate risk on borrowings. Borrowing in variable interest rates exposes the Group and the Company in interest rate risk that affects cash flows. Borrowing in fixed interest rates exposes the Group and the Company in interest rate risk that affects the fair value. The management of the Group and the Company and more specifically the Risk Management Committee is monitoring the fluctuations of interest rates on an ongoing basis and ensures that the necessary actions are taken.

The interest rates and repayment dates applicable for loans and bank overdrafts are stated in note 25.

30. RISK MANAGEMENT *(continued)*

30.2 Interest rate risk (continued)

Sensitivity analysis on interest rates

A possible increase of the interest rates by 1% in relation to the weighted average interest rates of the year, would have decrease the profit for the year. The analysis below assumes that all other parameters remain constant:

THE GROUP

	2016 €	2015 €
Long-term loans	(37.934)	(69.388)
Short term loans	(671.146)	(430.383)
Bank overdrafts	(521.334)	(523.831)
Cash and cash equivalents	392.485	266.241
Promissory notes	(25.889)	(308.082)
	(863.818)	(1.065.443)

THE COMPANY

	2016 €	2015 €
Long-term loans	(30.683)	(63.286)
Short term loans	(276.111)	(37.660)
Bank overdrafts	(300.002)	(320.873)
Promissory notes	(25.889)	(26.824)
Cash and cash equivalents	95.043	26.248
	(537.642)	(422.395)

A possible decrease of the interest rates by the same percentage would have an equal but opposite effect on the profit for the year.

30.3 Foreign exchange risk

This risk arises from adverse movements in foreign exchange rates.

The Company and the Group are subject to foreign exchange risk on sales, purchases and loans in currencies other than the Company's and subsidiary companies functional currency, and on the long term loans to foreign subsidiaries. Management is aware of foreign exchange risk and is examining alternative methods to hedge the risk.

The hedging of foreign exchange risk is managed by the Group Chief Financial Officer together with the Executive Directors. This issue is discussed and examined at the Board of Directors' meetings due to the fact that management has assessed that the Company is materially affected from the movements in foreign currencies against the Euro.

30. RISK MANAGEMENT *(continued)*

30.3 Foreign exchange risk (continued)

Until today, the hedging methods that have been used against foreign exchange risk are the following:

1. Natural Hedging. The Company maintains to the maximum extent, assets (investments in foreign subsidiaries) and liabilities (bank overdrafts, short and long term loans) at the same currency, mainly the United States Dollars (USD). In this way any gain or loss in assets is hedged by the corresponding loss or gain in liabilities.
2. The percentage of sales in foreign currency on total turnover is approximately the same with the percentage of bank borrowings in foreign currency in relation to the total borrowings of the Group.
3. The bank borrowings are usually made in the currency that the suppliers invoice the Company.
4. In cases of projects were the total cost of completion of the project is known from the time of the validation of the tender, then forward contracts are used, for the period required to complete the project, for the specific amount in foreign currency that the Company will be invoiced.
5. In addition, the Company enters into forward exchange contracts based on turnover at regular intervals e.g. weekly, for covering the payments to suppliers based on the credit period that they give to the Company. In this way the purchase of foreign currency for payments to suppliers in future periods is secured with the receipts from trade receivables.

Hedging of net investment in foreign operation

The Group applies hedge accounting to decrease foreign exchange risk.

Specifically, the equity and long-term loans that are part of the net investment in subsidiary companies Logicom FZE, Logicom Dubai LLC, Logicom (Middle East) SAL, Logicom Jordan LLC and Logicom Saudi Arabia LLC, where the functional currency is the USD are hedged with the bank borrowings of the Group in USD. Hedging is determined on a quarterly basis and the amount is adjusted accordingly. The hedge effectiveness is assessed on a monthly basis and to the extent the hedging is ineffective, the exchange differences are recognized in statement of profit or loss and other comprehensive income.

As at 31 December 2016 the amounts that were hedged were USD 33.000.000 of net investment in the above foreign companies and USD 33.000.000 of bank borrowings.

The carrying value of financial assets and liabilities of the Group denominated in foreign currency as at the date of the consolidated and separate financial statements is as follows:

THE GROUP

	USD	
	2016	2015
	€	€
Trade and other receivables	10.794.075	12.658.377
Trade and other payables	(67.596.036)	(93.625.574)
Long-term loans	(2.009.648)	(1.885.819)
Short term loans	(27.606.743)	(3.765.959)
Bank overdrafts	(28.217.229)	(32.200.373)
	(114.635.581)	(118.819.348)

30. RISK MANAGEMENT *(continued)*

30.3 *Foreign exchange risk (continued)*

THE COMPANY

	USD	
	2016 €	2015 €
Trade and other receivables	707.699	9.764.500
Trade and other payables	(50.253.446)	(49.774.864)
Long-term loans	(2.009.648)	(4.442.802)
Short term loans	(27.606.743)	(3.765.959)
Bank overdrafts	(27.842.097)	(28.952.376)
Balances with subsidiary companies	71.269.274	53.787.693
	(35.734.961)	(23.383.808)

The following foreign exchange rates were used in the preparation of the consolidated and separate financial statements:

	Average Rate		Rate as at reporting date	
	2016 €	2015 €	2016 €	2015 €
USD 1	0,9034	0,9013	0,9487	0,9185

Sensitivity analysis on fluctuations of foreign exchange rates
A possible strengthening of the Euro against the US Dollar and the other currencies by 10% as at 31 December 2016 would have increased/decreased respectively the profit for the year and the shareholders' funds. The analysis below assumes that all other parameters and mainly interest rates remain constant:

THE GROUP

	Effect on the shareholders funds		Effect on profit or loss	
	2016 €	2015 €	2016 €	2015 €
USD	4.853.988	10.804.464	11.463.558	8.033.937

THE COMPANY

	Effect on the shareholders funds		Effect on profit or loss	
	2016 €	2015 €	2016 €	2015 €
USD	3.573.496	2.125.801	3.573.496	2.125.801

A possible weakening of the Euro against the above currencies by 10% would have equal but opposite effect, if all other parameters remain constant.

30.4 *Liquidity risk*

Liquidity risk is the risk that arises when the expiry date of assets and liabilities does not concur. When expiries do not concur, the performance can increase but at the same time the risk for losses can also increase. The Group and the Company have procedures in place to minimize such losses, such as retaining sufficient amounts in cash and other highly liquid assets and retaining sufficient amounts in secured credit facilities in order to cover liabilities when they fall due.

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

30. RISK MANAGEMENT *(continued)*

30.4 Liquidity risk (continued)

The management estimates that the ability of the Group to receive in advance its trade receivables through the factoring agreement without recourse in Cyprus, Greece and the United Arab Emirates, reduces even further the liquidity risk.

Bank loans and overdrafts of the Group and the Company are presented in note 25.

The expected cash outflows based on the information included in the consolidated and separate financial statements are presented below:

THE GROUP

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2016						
Long-term loans	3.793.410	3.174.287	133.112	486.011	-	-
Short term loans	67.114.604	67.114.604	-	-	-	-
Operating leases	3.399.043	394.588	440.000	-	2.078.857	485.598
Trade and other payables	125.991.659	115.365.998	-	-	10.625.661	-
Bank overdrafts	52.133.395	35.353.616	16.779.779	-	-	-
Contingent consideration	160.000	40.000	-	40.000	80.000	-
Promissory notes	2.588.889	2.588.889	-	-	-	-
	255.181.000	224.031.982	17.352.891	526.011	12.784.518	485.598
31 December 2015						
Long-term loans	6.938.823	1.952.006	2.039.433	2.424.613	522.771	-
Short term loans	43.038.306	43.038.306	-	-	-	-
Operating leases	3.149.828	440.002	440.001	486.582	1.459.744	323.499
Trade and other payables	118.652.146	118.631.360	20.786	-	-	-
Bank overdrafts	52.383.050	33.939.245	18.443.805	-	-	-
Contingent consideration	665.697	315.000	-	87.674	263.023	-
Promissory notes	30.808.228	30.808.228	-	-	-	-
	255.636.078	229.124.147	20.944.025	2.998.869	2.245.538	323.499

THE COMPANY

Liquidity Risk		Cash outflows arising from contractual liabilities				
	Balance	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€	€	€	€	€	€
31 December 2016						
Long-term loans	3.068.295	3.068.295	-	-	-	-
Short term loans	27.611.076	27.611.076	-	-	-	-
Trade and other payables	58.088.183	58.088.183	-	-	-	-
Bank overdrafts	30.000.235	30.000.235	-	-	-	-
Promissory notes	2.588.889	2.588.889	-	-	-	-
	121.356.678	121.356.678	-	-	-	-

30. RISK MANAGEMENT *(continued)*

30.4 Liquidity risk (continued)

31 December 2015						
Long-term loans	6.328.625	1.952.006	1.952.006	2.424.613	-	-
Short term loans	3.765.959	3.765.959	-	-	-	-
Trade and other payables	54.659.258	54.659.258	-	-	-	-
Bank overdrafts	32.087.337	32.087.337	-	-	-	-
Promissory notes	2.682.361	2.682.361	-	-	-	-
	99.523.540	95.146.921	1.952.006	2.424.613	-	-

30.5 Fair Value

Items of the assets and liabilities of the Group and the Company, as these are classified in amortised cost or fair value, are presented below:

Assets and liabilities in amortised cost:

THE GROUP

	2016 €	2015 €
Trade and other receivables	180.156.094	195.304.065
Cash and cash equivalents	39.266.277	26.624.081
Long-term loans	(3.793.410)	(6.938.823)
Short term loans	(67.114.604)	(43.038.306)
Bank overdrafts	(52.133.395)	(52.383.050)
Contingent consideration	(160.000)	(665.697)
Trade and other payables	(125.991.660)	(118.357.489)
Promissory notes	2.588.889	(30.808.228)
	(27.181.809)	(30.263.447)

30. RISK MANAGEMENT *(continued)*

30.5 Fair Value (continued)

THE COMPANY

	2016 €	2015 €
Long-term loans to subsidiary companies	28.504.488	26.480.934
Balances with subsidiary companies	80.204.568	67.813.508
Trade and other receivables	13.295.695	17.109.197
Cash and cash equivalents	9.507.156	2.624.785
Long-term loans	(3.068.295)	(6.328.625)
Short term loans	(27.611.076)	(3.765.959)
Bank overdrafts	(30.000.235)	(32.087.337)
Trade and other payables	(58.088.183)	(54.659.258)
Promissory notes	(2.588.889)	(2.682.361)
	10.155.229	14.504.884

The fair values of the financial assets and liabilities of the Group and the Company are approximately the same as the amounts reported in the consolidated and separate financial statements at the end of year.

Assets and liabilities in fair value:

THE GROUP

	2016 €	2015 €
Investments at fair value through profit and loss	16.448	23.635
Available-for-sale investments	5.276.936	5.853.396
	5.293.384	5.877.031

THE COMPANY

	2016 €	2015 €
Investments at fair value through profit and loss	9.594	16.781

The table below analyses financial assets carried at fair value, based on the valuation method used to determine their value. The different levels have been defined as follows:

- Level 1: investments measured at fair value using quoted prices in active markets.
- Level 2: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are based on observable market data.
- Level 3: investments measured at fair value based on valuation models in which all significant inputs that affect significantly the fair value are not based on observable market data.

30. RISK MANAGEMENT *(continued)*

30.5 Fair Value (continued)

THE GROUP

31 December 2016	Level 1	Level 2	Level 3
	€	€	€
Investments at fair value through profit and loss	16.448	-	-
Available-for-sale investments	5.276.936	-	-
	5.293.384	-	-

31 December 2015	Level 1	Level 2	Level 3
	€	€	€
Investments at fair value through profit and loss	23.635	-	-
Available-for-sale investments	5.853.396	-	-
	5.877.031	-	-

During 2016 there were no transfers between the three levels reported above.

The fair value of investments at fair value through profit and loss is based on the stock exchange prices at the reporting date.

The fair value of shares that are classified to available for sale investments are based on stock exchange prices at the reporting date.

30.6 Capital Management

Group's and Company's management has as a principle the maintenance of a strong capital base for the support of the credibility and trust of the investors and creditors as well as the market as a whole. Management monitors continuously the return on equity.

31. OPERATING ENVIRONMENT OF THE GROUP

In 2016, the Cypriot economy has shown an economic recovery for the second consecutive year after the recession. Cyprus exited the Memorandum of Understanding at the end of March 2016, having successfully completed the Economic Adjustment Programme agreed with the country's international lenders in March 2013. Eurogroup has officially supported the Cyprus Government's decision to exit the programme while the International Monetary Fund congratulated Cyprus on its achievements but stressed the need to continue pursuing structural reforms.

Cyprus has implemented important fiscal reforms under its macroeconomic adjustment programme. Fiscal developments have largely out-performed the primary balance targets that were set at the beginning of the programme. Structural reforms, some of them in the fiscal area, are set to contribute to ensuring strong fiscal governance in the post-programme period. The better than expected outcome in the economy, together with the gradual restructuring taking place in the banking sector, have created and maintained an environment of improved confidence.

31. OPERATING ENVIRONMENT OF THE GROUP *(continued)*

The above developments are reflected in the recent upgrades of the country's and the largest domestic banks' credit rating by international rating agencies. In August 2016, Moody's has reassessed its outlook on the Cypriot banking system to positive from stable. Fitch Ratings upgraded the long-term rating of Cyprus by one notch to BB- with a positive outlook in October 2016. In March 2017, Standard and Poor's has upgraded Cyprus' long term rating to BB+ with a positive outlook. As a result of the above and the minimum credit rating requirement of the European Central Bank's quantitative easing programme, the Cyprus Bonds will qualify for the programme when Cyprus returns to investment grade based on the country's credit rating. In July 2016, the Republic of Cyprus, accessed international capital markets for the first time after the completion of the economic adjustment programme, with an issue of a seven year bond of €1 billion at a yield of 3,8%.

The commitment regarding the implementation of the Economic Adjustment Programme has been the cornerstone in steering the economy out of recession. The growth rate of Gross Domestic Product (GDP) of Cyprus, in real terms, for 2016 was estimated at 2,9% according to the data of the statistical office. The course of the steady recovery path is reflected in the labor market, which tends to follow the recovery with a time lag. As per the European Commission report, the real GDP growth is projected to reach 2,5% in 2017 before it reaches 2,3% in 2018.

Cyprus' macroeconomic outlook is positive and is accompanied by a significant increase in real gross domestic product in the first half of 2016, the reduction in unemployment and further improvement of key domestic indicators since the beginning of the year. Despite the important steps taken towards restoring the economic climate, some degree of uncertainty remains, as the country still has certain issues to resolve, such as the high volume of non-performing exposures, high unemployment and delays in the advancement of structural reforms. The high private indebtedness levels that have led to deleveraging and increased non-performing exposures, continue to pose significant risks to the stability of the domestic banking system and to the outlook for the economy, especially via developments in property prices.

From an exogenous perspective, the country's economy may be negatively influenced due to weaker than expected growth in the Euro area and a slowdown in output growth in the UK and further depreciation of the pound against the Euro, as a result of increased uncertainty following the UK referendum. Also, possible deterioration of the Russian economic outlook and the increased geopolitical tensions in the Middle East and Eastern Mediterranean, could trigger adverse spillovers to economic confidence, tourism and consequently to the aggregate economic activity. On the other hand, geopolitical tensions in neighbouring counties render Cyprus as a safer tourist destination and could therefore counterbalance, to a significant extent, the potential reduction in tourist traffic from UK. Additionally, developments over a potential reunification of Cyprus along with the exploitation of Cyprus' natural resources can significantly affect the prospects of the Cypriot economy.

Taking into account the existing debt, the available banking facilities the Group maintains with foreign banks, the available cash and the fact that over 90% of the Group's turnover relates to activities abroad, the Company's management has concluded that the developments in the Cypriot economy do not have and are not expected to have a material effect on the assets and liabilities of the Company and the Group.

32. DIRECTORS' INTEREST

The percentage of the share capital of the Company that was held by each member of the Board of Directors, directly or indirectly, is as follows:

	31/12/2016 Fully paid Shares %	30/03/2017 Fully paid Shares %
Adamos Adamides[1]	0,33	0,33
Varnavas Irinarchos[2]	51,55	51,55
Takis Klerides	0,41	0,41
Nicos Michaelas	-	-
George Papaioannou[3]	0,82	0,82
Anthoulis Papachristoforou	0,50	0,50
Anastasios Athanasiades	-	-

1. The direct ownership of Mr. Adamos Adamides as at 30 March 2017 is 0,32% and the indirect ownership which arises from the participation of his wife Mrs. Maro Adamidou, is 0,01%.

2. The indirect ownership of Mr. Varnavas Irinarchos as at 30 March 2017 of 51,55% arises from the participation of the company Edcrane Ltd.

3. The indirect ownership of Mr. George Papaioannou as at 30 March 2017 is 0,817% and his indirect ownership that arises from the participation of his son Mr. Christos Papaioannou is 0,0034% and of his son Mr. Alexandros Papaioannou is 0,0034% .

33. SHAREHOLDERS' INTEREST

The shareholders who held, directly or indirectly, more than 5% of the share capital of the Company were as follows:

	31/12/2016 %	30/03/2017 %
Varnavas Irinarchos[1]	51,55	51,55
Demetra Investment Public Ltd	10,28	10,28

1. The indirect ownership of Mr. Varnavas Irinarchos as at 30 March 2017 arises through the company Edcrane Ltd. The ultimate parent company of the Group is Takero Limited which holds 100% of Edcrane's Ltd shares.

34. DIRECTORS' CONTRACTS

No important contract exists or existed at the end of the financial year and at the date of issuing the financial statements in which the members of management, their spouses or their underage children have or had direct or indirect significant interest, except from the employment contracts of Mr. Varnavas Irinarchos and Mr. Anthoulis Papachristoforou.

(1) **Contract of Mr. Varnavas Irinarchos, Managing Director**

Employment contract as Managing Director of the Company for two years from 1 January 2005, with annual salary (13 months) of €93.973 which will be increasing at a proportion equal to the annual rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4% over his last salary, whichever is higher. For 2016 the annual salary of the Managing Director was €112.760. The Company will also pay annually (12 months) for entertainment expenses an amount of €25.629, that will be increasing in every following annual period at a proportion equal to the rate of inflation, as determined by the annual index on 31 January each year or at a rate equal to 4%, whichever is higher. For 2016 the allowance for entertainment expenses amounted to €25.629.

In addition, the Company provides to the Director an appropriate vehicle and covers all related expenses.

34. DIRECTORS' CONTRACTS *(continued)*

The contract was renewed for one year from 1 January 2017, with an annual salary (13 months) of €150.000. The Company will also pay annually (12 months), for entertainment expenses the same amount of €25.000.

Mr. Varnavas Irinarchos is committed not to form, assist or take part in any way in the incorporation of a company or business, which performs operations similar or competitive to the operations of the Company during his employment and for at least five years after his departure from the Company. Mr. Varnavas Irinarchos accepts that this constraint is by no means in contrast with the general principle of Restraint of Trade, and that it is considered reasonable as the employee benefited from the bonus issue of shares during the listing of the Company in the CSE.

(2) **Contract of Mr Anthoulis Papachristoforou, Group Financial Controller**

Mr. Anthoulis Papachristoforou has no employment contract with the company. In 2016 the annual salary of Mr. Papachristoforou amounted to €141.950. The remuneration of Mr. Papachristoforou for 2017 will be the same as 2016.

35. REMUNERATION OF NON EXECUTIVE DIRECTORS

The remuneration of non-executive directors is analysed as follows:

	2016 €	2015 €
Adamos Adamides	26.550	21.850
Sparsis Modestou	-	9.420
Takis Klerides	10.200	7.320
Nicos Michaelas	9.850	8.440
George Papaioannou	8.800	5.360
Anastasios Athanasiades	8.400	-
	63.800	52.390

36. RELATED PARTY TRANSACTIONS

The companies of the Group buy and sell goods and services according to their needs from other Group companies. Transactions are mainly carried out at cost. There are cases where transactions are carried out at a price other than cost when this is agreed between the parties involved. When necessary, Logicom Public Limited charges every year its subsidiary companies with a fee for administration services.

a. Transactions and balances between Group companies:

The amounts that Logicom Public Limited charged its subsidiary companies and impairments on balances were as follows:

	2016 €	2015 €
Administration Services		
Logicom Solutions Limited	137.000	127.000
Commissions		
Logicom Solutions Limited		
	120.000	120.000
Impairment of subsidiary balances		
Enet Solutions LLC	1.461.682	-
Logicom Bulgaria EOOD	919.562	-
	2.381.244	-

36. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Public Ltd to its subsidiary companies were as follows:

Sales

	2016 €	2015 €
Logicom Solutions Limited	1.150.994	1.151.958
Newcytech Business Solutions Ltd	3.570.730	2.608.252
ENET Solutions - Logicom S.A.	10.967.931	34.755.312
Logicom Jordan LLC	4.743.656	4.039.285
Logicom (Middle East) SAL	168.512	191.914
Logicom FZE	188	-
Logicom Italia s.r.l.	43.684	29.283
Logicom Information Technology Distribution s.r.l.	10.030.634	20.234.557
Logicom Saudi Arabia LLC	589.871	889.339
Verendrya Ventures Limited	580.933	519.334

The balances between Logicom Public Ltd and its subsidiary companies in the books of the parent company were as follows:

Long-term loans to subsidiary companies:

	2016 €	2015 €
ENET Solutions - Logicom S.A.	2.430.509	2.353.265
Logicom (Middle East) SAL	4.531.164	4.387.159
Logicom FZE	2.812.447	2.723.064
Logicom Jordan LLC	2.899.251	2.807.110
Verendrya Ventures Limited	15.831.117	14.210.336
	28.504.488	26.480.934

There is no written agreement between the parent and the subsidiary companies, regarding the long-term loans receivable from the subsidiary companies. The loans bear no interest and there is no fixed repayment date. The loans are recognised according to the provisions of IAS 21.

36. RELATED PARTY TRANSACTIONS *(continued)*

The long-term loan with the subsidiary company Verendrya Ventures Limited, relates to a contract for the financing of the operations of the desalination units in Larnaka and Episkopi. The loan bears an annual interest of 4,0% and has no fixed repayment date.

Taking into consideration the expected future cash flows of the subsidiary company, which consists of the expected future cash flows of the desalination company in Larnaca as well as those of the company that has undertaken the same project of the desalination unit in Limassol no impairment has been recognised for the loan with the subsidiary company Verendrya Ventures Limited. The determination of the expected future cash flows is based on estimates, judgements and assumptions that were applied by the management of Verendrya Ventures Limited (Note 15).

Balances with subsidiary companies

	2016 € Debit/ (Credit)	2015 € Debit/ (Credit)
Logicom (Overseas) Limited	(386.230)	(430.063)
Netcom Limited	89.710	86.266
Logicom Solutions Limited	5.823.806	4.770.043
Logicom Services Ltd	19.011.535	19.310.943
Newcytech Business Solutions Ltd	699.393	2.460.353
ENET Solutions - Logicom S.A.	(1.311.446)	414.606
ICT Logicom Solutions SA	(504.035)	(964.073)
Logicom Jordan LLC	2.296.441	1.164.702
Logicom (Middle East) SAL	424.755	376.001
Logicom FZE	13.196.985	(10.160.515)
Logicom Dubai LLC	-	2.919.383
Enet Solutions LLC	-	1.180.656
Logicom Italia s.r.l.	6.964.478	6.987.297
Logicom IT Distribution Limited	86.265	3.521.945
Logicom Saudi Arabia LLC	25.515.298	26.124.671
Logicom Information Technology Distribution s.r.l.	8.822.844	9.580.133
Logicom Bulgaria EOOD	-	926.820
Logicom Distribution Germany GmbH	(525.231)	(455.660)
	80.204.568	67.813.508

The above balances are repayable according to the nature of each transaction.

Balances with associated companies

	2016 € Debit/ (Credit)	2015 € Debit/ (Credit)
M.N. Larnaca Desalination Co Ltd	1.860	336.224
M.N. Limassol Water Co. Ltd	2.790	596.062
	4.650	932.286

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

36. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom FZE to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	475.805	481.718
Logicom Jordan LLC	1.677.972	2.145.672
Logicom (Middle East) SAL	4.208.812	3.809.580
Logicom Dubai LLC	115.624.263	111.535.871
Enet Solutions LLC	-	1.352
Logicom Solutions Limited	1.475	-
Logicom IT Distribution Limited	156.182	490.850
Logicom Saudi Arabia LLC	10.040.958	8.537.716
Logicom Kuwait for Computer Company W.L.L	15.287.206	15.257.129
ENET Solutions - Logicom S.A.	-	27.310
Logicom Trading and Distribution LLC	5.343.985	6.198.194

The sales made by Logicom (Middle East) SAL to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	3.635	12.081
Logicom Jordan LLC	532	918
Logicom FZE	51.976	135.691
Logicom Solutions Limited	-	2.704

The sales made by Logicom Dubai LLC to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom (Middle East) SAL	318	1.883
Enet Solutions LLC	2.154	11.273

The sales made by Logicom Jordan LLC to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	-	4.105
Logicom (Middle East) SAL	-	1.708
Logicom FZE	8.780	815.844
Logicom Saudi Arabia LLC	-	224.575

36. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by ENET Solutions Logicom S.A. to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	7.841.375	6.874.028
ICT Logicom Solutions SA	35.411	229.204
Logicom Italia s.r.l.	652	751
Logicom IT Distribution Limited	7.160.716	19.906.892
Logicom Information Technology Distribution s.r.l.	2.072.867	2.214.113
Newcytech Business Solutions Ltd	-	1.249
Logicom FZE	77.424	-

The sales made by Logicom Solutions Ltd to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	517.931	300.139
Newcytech Business Solutions Ltd	645.049	804.351
ICT Logicom Solutions SA	2.485.674	2.740.433

The sales made by Logicom Italia s.r.l. to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	346.764	243.071
ENET Solutions - Logicom S.A.	7.602	439.633

The sales made by Logicom IT Distribution s.r.l. to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	72.318	170.374
ENET Solutions - Logicom S.A.	207.232	325.388
ICT Logicom Solutions SA	61.566	78.734
Logicom Solutions Limited	-	1.531
Logicom Italia s.r.l.	-	414

36. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Saudi Arabia LLC to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Saudi Arabia LLC	41.971	-
ENET Solutions - Logicom S.A.	5.557	3.840
Logicom Jordan LLC	30.076	59.230
Logicom (Middle East) SAL	37.032	9.514
Logicom FZE	104.278	1.034.792
Logicom IT Distribution Limited	8.987	38.703

The sales made by Newcytech Business Solutions Limited to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Public Limited	1.181	2.033
Logicom Solutions Limited	974.676	1.537.998
Newcytech Distribution Ltd	79.053	115.620

The sales made by Newcytech Distribution Limited to Group companies were as follows:

Sales

	2016 €	2015 €
Newcytech Business Solutions Ltd	-	104
Logicom Solutions Limited	-	2.937

The sales made by Logicom IT Distribution Limited to Group companies were as follows:

Sales

	2016 €	2015 €
ENET Solutions - Logicom S.A.	830.943	534.466
Logicom FZE	58.412	531.282
Logicom Jordan LLC	19.198	-

The sales made by ICT Logicom Solutions S.A. to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Solutions Limited	111.384	84.506

LOGICOM PUBLIC LIMITED

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Year ended 31 December 2016

36. RELATED PARTY TRANSACTIONS *(continued)*

The sales made by Logicom Distribution Germany Gmbh to Group companies were as follows:

Sales

	2016 €	2015 €
Logicom Italia s.r.l.	182.151	174.773

The balances between Group companies and the parent Company are stated below:

Balances with subsidiary companies

	2016 € Debit/ (Credit)	2015 € Debit/ (Credit)
Logicom (Overseas) Limited	386.230	430.063
Netcom Limited	(89.710)	(86.266)
Logicom Solutions Limited	(5.823.806)	(4.770.043)
Logicom Services Ltd	(19.011.535)	(19.310.943)
Newcytech Business Solutions Ltd	(699.393)	(414.606)
ENET Solutions - Logicom S.A.	(1.119.063)	(4.813.618)
ICT Logicom Solutions SA	504.035	964.073
Logicom Jordan LLC	(5.195.692)	(3.971.812)
Logicom (Middle East) SAL	(4.955.919)	(4.763.160)
Logicom FZE	(16.009.432)	7.437.451
Logicom Dubai LLC	-	(2.919.383)
Enet Solutions LLC	-	(1.180.656)
Logicom Italia s.r.l.	(6.964.478)	(6.987.297)
Logicom IT Distribution Limited	(86.265)	(3.521.945)
Logicom Saudi Arabia LLC	(25.515.298)	(26.124.671)
Logicom Information Technology Distribution s.r.l.	(8.822.944)	(9.580.133)
Logicom Bulgaria EOOD	-	(926.820)
Logicom Distribution Germany GmbH	525.231	455.660
Verendrya Ventures Limited	(15.831.117)	(14.210.336)

36. RELATED PARTY TRANSACTIONS *(continued)*

During the year the companies of the Group paid dividends to the Company, as follows:

Dividend for 2016:

	2016 €
Logicom FZE	6.041.479
Verendrya Ventrures Ltd	27.000
Logicom Services Ltd	4.000.000
Logicom (Overseas) Limited	346.000
	10.414.479

b. Balances with jointly controlled companies of the Group:

The balances with the jointly controlled companies, relate to the financing of the construction, maintenance, renovation and operation of the desalination plants in Cyprus through its subsidiary company Verendrya Ventures Limited.

The balances with jointly controlled companies were as follows:

Balances with jointly controlled companies

	2016 € Debit/ (Credit)	2015 € Debit/ (Credit)
M.N. Larnaca Desalination Co Limited	11.900.126	11.552.479
M.N. Limassol Water Co. Limited	10.657.260	9.743.216
	22.557.386	21.295.695

The amounts receivable from jointly controlled companies are stated after the deduction of the accumulated impairments that arose in the companies M.N. Limassol Water Co. Limited and M.N. Larnaca Desalination Co. Limited. The balances as at 31 December 2016 are considered recoverable based on the expected future inflows from these companies. As mentioned in note 15, for the calculation of the expected future inflows of the company M.N Larnaca Desalination Co. Limited, estimates, assumptions, judgements and evidence which include the legal opinion in relation to the validity of claims in favor and against the company and an opinion from its consultants in respect of the level of compensation that the company is expected to be entitled to. The Group considers that there were no evidence for impairment of the amount receivable from jointly controlled company M.N. Limassol Water Co. Limited.
The above loans are long term, bear interest of 4,5% annually and do not have a specified repayment date.

37. DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	€	€	€	€
Derivative financial instruments- assets	239.944	-	228.195	-

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	€	€	€	€
Derivative financial instruments- liabilities	-	351.408	-	276.731

The derivative financial instruments of the Group and the Company refer to contracts for differences for the hedging of the fluctuations in foreign currencies. The Group and the Company's management follow a policy to minimize the risk arising from the fluctuation of foreign exchange differences, as stated in the significant accounting policies.

The profit arising from the change in the fair value of derivative financial instruments for the year, that was recognised in Group's and Company's results amounted to €694.463 (2015: profit €4.268.792) and €650.935 (2015: profit €3.807.554) respectively.

The exposure of the Group and the Company to foreign exchange risk is presented in note 30 of the consolidated and separate financial statements.

38. PROMISSORY NOTES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	€	€	€	€
Liabilities	2.588.889	30.808.228	2.588.889	2.682.361

The Company has signed an agreement, with FIMBank Plc, for the financing of invoices issued from certain suppliers, with a limit of €4.0m. The Company uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V and Microsoft Ireland Operations Ltd.

The Group, through its subsidiary Logicom FZE, has signed an agreement with Macquarie Bank for the financing of invoices issued from certain suppliers operating in the Gulf region, with a limit of $45 m. Logicom FZE uses this facility to settle the invoices issued by Hewlett-Packard Europe B.V. The parent company has granted a corporate guarantee to Macquarie Bank for the corresponding amount of the facility. During the year the facility has expired and was not renewed. All outstanding amounts were settled on expiration.

The exposure of the Group and the Company to liquidity risk is presented in note 30 of the consolidated and separate financial statements.

39. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date that have a bearing on the understanding of the consolidated and separate financial statements.